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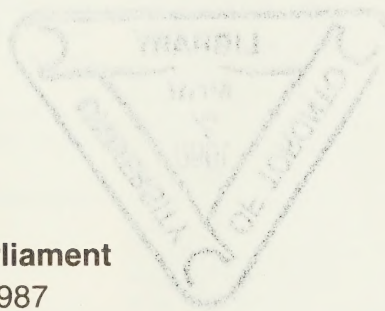
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Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Administration of Justice
Estimates, Ministry of Treasury and Economics



First Session, 34th Parliament
Monday, December 7, 1987

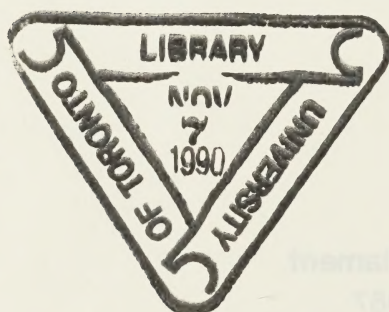
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Monday, December 7, 1987

The committee met at 3:34 p.m. in room 228.

ESTIMATES, MINISTRY OF TREASURY AND ECONOMICS

Mr. Chairman: I call vote 3701. I understand that the minister has a statement to make.

Hon. R. F. Nixon: Thank you, Mr. Chairman. I am sure the members of the committee are aware that while we meet here, dealing with the estimates of Treasury, the House is considering second reading of a bill to establish an automobile insurance rate review board. It is my expectation that that bill, when it receives second reading—and I trust that it will—will be referred to this committee for more intensive review.

It occurred to me that there might be some regret expressed, certainly by me, that the members of the committee are not going to have a chance to listen to the debate on second reading, or even possibly participate in it, since these two important items unfortunately seem to be scheduled coterminously—that is, at the same time. If anybody wanted to take any action about that it could be done, but I have arranged with my parliamentary assistant in the Ministry of Financial Institutions to monitor the debate upstairs, and he will no doubt be participating. But I think all members of the committee should be aware that because of a bit of jam-up in our work, we are missing some good stuff upstairs.

Mr. Chairman: If I can just interrupt, it is repeated, apparently, from six o'clock on, so there will be an opportunity to see it.

Mr. Laughren: It is hard to get into the debate after six.

Mr. Chairman: Oh, that is true.

Mr. Laughren: We are also missing—

Hon. R. F. Nixon: Yes. Well, that is what happens around here.

Mr. Harris: Never used to happen around here.

Hon. R. F. Nixon: Actually, I was going to say that, but I thought it might be misunderstood.

I want to refer just for a moment to the staff of Treasury who will be assisting me and the parliamentary assistant, the member for Yorkview (Mr. Polsinelli), in defending these estimates. Mary Mogford is well known, I

believe, to most members of the committee, any of those who have served previously. She will have a chance, I am sure, to get to know you better during the limited time in which these estimates are before the committee. I certainly will be relying on her and her staff, who are in attendance in this room. She may, a bit later on, introduce them individually as they participate.

I want to refer again to Mr. Polsinelli, the parliamentary assistant, who is going to be here in the possibility that I may ask for permission to leave briefly to go up and close the debate on the insurance bills. It is possible but highly unlikely we will get to that today. Anyway, I just thought I should mention that.

Also, the standing committee on finance and economic affairs is already constituted. I think one of the reasons these estimates came here rather than to that committee is that it is expected that committee will be dealing with the free trade statement once it is released from Ottawa. I believe it was a wise decision made by the House leaders that they be left available to consider that important matter without any other business interfering or withdrawing from the importance of that specific assignment, which they will have as soon as the text is available. By the way, that is expected to be within the next 48 hours.

Without any specific reference to staff—other than just to refer to the fact that we expect the economic forecast, which is now an entrenched tradition of one year, coming from the Ministry of Treasury and Economics, to be tabled in the House and referred to the committee on finance and economic affairs within the next week—Dr. Purchase, who is Assistant Deputy Minister of Treasury and Economics, office of economic policy, is here now and will be here through most of the discussion of our estimates. That report is almost printed and ready to be presented to the House. While the committee here can deal with any matters it chooses, it is my thought that that forecast of economic affairs for the next calendar year would be referred directly to the other committee and would be more properly the business for their review.

Also, the committee on finance and economic affairs will be undertaking some budget hearings during the weeks in January, February and March. I know they will also have, just as this

committee will have, a rather full plate of public matters that will be placed on their agenda by the Legislature and by the members of the committee.

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The other matter which might very well be referred here, besides matters such as free trade, the economic forecast and general budget matters—those would be directed to the standing committee on finance and economic affairs, but certainly will be a part of our discussion as we look at the estimates for the expenditure of the Treasury, or they could be if the honourable members so desire—the other matter has to do with tax reform in general, and I have made a statement to the House recently in which there was some reference to that.

I think you are aware that the Minister of Finance for Canada will be bringing in a ways and means motion to Parliament in the next couple of weeks establishing government policy based on his white paper, read to the House last June. This has a tremendous impact on what we would be doing in our tax reform here.

While that may be a suitable matter for some discussion and advice if the honourable members see fit, I simply raise it on the basis that the standing committee on finance and economic affairs will have the direct responsibility to make recommendations in all of those matters. I think that as far as we are concerned, we ought to spend the time—this is just my view—on the specific expenditures associated with the Ministry of Treasury and Economics and certain aspects of our programs and administration that the honourable members may want to comment on.

Among those, I suppose, might very well be the affairs of the Stadium Corp. of Ontario Ltd. I think we would be ready to provide any information that we have on the status, the expenditure and the administrative controls and matters concerned. Also, in pension policy, while there have been substantial changes over the year, there are certain areas where expenditures, both in the past year and in the upcoming period, would be certainly a matter of concern to the honourable members.

I think you are aware that we have handed off the direct administration and policy control of the teachers' superannuation fund to the Ministry of Education, that seemed to be appropriate; and the Ontario municipal employees retirement system now resides as an area of responsibility with the Ministry of Municipal Affairs.

But because of the rapid change in pension policy and its emerging importance in the community as a policy matter, we have commissioned two studies which you may or may not be aware of. One is by Malcolm Rowan, a deputy minister of the administration, dealing with pension policy in general in public pensions. The other was commissioned by myself as Treasurer to Laurence Coward, who is a partner in the firm William M. Mercer Ltd., consultants downtown, a very highly respected firm, to give us a review, particularly of the utilization of funds in the teachers' superannuation indexing fund, and an indication of what we should do with that fund and with the administration of the fund to be sure that it will meet its responsibilities now and in the future.

Those two reports, while they are close to being completed and I have had a chance in both instances to see drafts of the reports, have not been made public. It is our intention to provide at least a major part of them in the French language, and it is not expected that they will be ready for public review until early in 1988.

The last thing I wanted to refer to was the Provincial Auditor's report, which frankly I thought was an outstandingly useful one this year. I was a member of this committee, or its predecessor I guess, the last time the Audit Act came up for an extensive review, when the concept of value-for-money auditing was accepted by the committee and recommended to the Legislature. The concept itself has really been gaining momentum as the auditor and his staff have, I would not say become more comfortable with it but, let us say, have found ways of utilizing the concept in their annual report. I have heard some criticism which I do not agree with indicating that the audit report itself is dealing too much with policy and not sufficiently with, or at least to the detriment of, the actual review of the expenditure.

But from my own experience in the discussions that led to the concept of value-for-money—which, of course, was not inaugurated here, but was accepted here after it was inaugurated elsewhere—I believe that his report is an effective one in response to that special requirement. Certainly as Treasurer I am very much aware that it is now his responsibility to advise publicly—without fear or favour, of course—in his own position and from his audit of government programs, as to what extent we are meeting our stated commitments.

There was a discussion in the House, I think, based on a question from the critic from the

Progressive Conservative Party about improving the audit situation—I do not know whether amendments were specifically referred to—but on what we might do to improve the auditor's capability to report to the House.

One of those matters might be the provision of authority to report other than on an annual basis. Certainly I do not have any objection to that. You might be interested to know that I have had a chance to discuss the matter formally with the auditor and ask him if he felt there were amendments that he would seek, and he is going to offer advice, presumably through the appropriate committee, whether it is the standing committee on public accounts or elsewhere, in that connection.

I thought one of the very useful aspects of his report was his review of how we deal with estimates in the House and in our committees. I think he stated something with which most of us would agree, and that is that the process, with the best of intentions, often boils down to a reading of speeches prepared by competent advisers rather than a discussion by elected members on the basis of expenditures and the usefulness and appropriateness of the expenditures.

Certainly my own experience over a number of years has been that in many instances the full discussion of the estimates is not as productive as most people would like and that anything we can do to improve it, through this committee or any other committee, or advising the government in making a different or improved approach to this, would certainly be accepted.

I know that the House leaders have considered an additional standing committee dealing with the estimates separate from the other areas of responsibility that the standing committees deal with. I do not know how useful and productive that would be, but at least it is an alternative that has been considered by committees and people reporting on the work of the Legislature in the past.

Ever since the rules accepted the requirement for 470 hours, I do not recall any occasion when we have actually utilized that period of time. Time constraints and other pressures have usually meant that, by agreement, it was reduced and the estimates were reported and deemed to be carried without being fully discussed. Without going into a particular discussion, which is not the responsibility of this committee or of the Treasurer, I would say that this member of the government and, I am sure, my colleagues would be very anxious to look at alternatives that would

improve their review of the estimates before the members on all sides.

Once again, rather than try to guess at the areas of concern that the honourable members may have, not making a lengthy statement, I have simply indicated that the staff are here and will be anxious, to the best of their ability, to provide the information that is requested by the honourable members. I should say in passing that although over the two years that I have been Treasurer there have been a few changes in staff; these have been established simply on promotions within the various ministries as the members of the civil service, pursuing their careers within the civil service, have accepted other responsibilities.

I am very pleased with the quality of the advice that I continue to receive from the staff of the ministry. I believe they are well prepared academically and through their experience, that their approach to advising the Treasurer and the government is disinterested and appropriate. I simply say that to indicate my complete satisfaction in that regard.

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Members are, of course, entitled to ask any questions they want pertaining to the work of the Treasury, but the whole matter of economic forecast, budget hearings, free trade and tax reform, while they can be discussed here, are also directed to the standing committee on finance and economic affairs. I referred to pension policy, the domed stadium and the auditor's report as three areas where I would be particularly glad to respond to your questions or to provide any additional information. With that, I will be silent and will listen to what advice is proffered.

Mr. Chairman: Before I call on the critic of the official opposition, I should announce to you that the audio of these meetings in this committee room, which is not equipped with TV, and all others that are not equipped with TV, are being broadcast on channels 4 and 12 starting today.

Hon. R. F. Nixon: I wish you had let me know that before and I would have been a little more precise.

Mr. Keyes: You could have gone on for hours.

Hon. R. F. Nixon: Yes, I would have rambled on.

Mr. Laughren: First, I should congratulate the Treasurer on his surprise reappointment to his post. I would not think that a pro-tobacco, nonsmoking member would get appointed to

Treasury again in view of the criticism that was directed there from all sides.

I also congratulate the deputy minister for her completely expected appointment as Deputy Treasurer. I have encountered the deputy in another kind of life when she was the deputy of the Ministry of Natural Resources. I know of her as a competent administrator. The Treasurer is fortunate to have her as his deputy.

In my leadoff remarks, I want to try and avoid any kind of quagmire process and deal with the world out there as I, as an elected member, see it. That includes the whole free trade process, because economic policy is clearly the mandate of the Treasurer, according to his estimates book anyway. So I think it is appropriate that we deal with the free trade question at some length as well, particularly in view of the agreement that has apparently been signed, or will be signed in the next day or so and which will be brought to the attention of the Legislative Assembly as well.

One of the things that has bothered me in the last year or so in Ontario is the impression that is being sold out there that Ontario is such a wealthy and prosperous province. I can understand why everyone believes that. I went down to the first ministers conference at the Harbour Castle—if it is still called that—and I was amazed at how sleek everything was. If you hung around down there—which I certainly do not—

Hon. R. F. Nixon: Where do you hang out?

Mr. Laughren: It is too far from Wellesley Street—you would certainly get the impression that we were surrounded by wealth. But this is simply not the case. There is in Ontario what I would call a veneer of civility and prosperity, but there are enormous contradictions and you do not have to go outside Metropolitan Toronto to see that.

I recognize for me it is an ideological position that when I see the enormous contradictions and the enormous inequalities, it reminds me of why I am here and why I believe as I do. Because I really do believe that in Ontario there is no better example of creating a society for the young and the swift, physically and mentally. That is what we have down at the Harbour Castle.

I think this government has successfully sold that. I suppose there are some advantages to selling the idea out there that Ontario is booming, Ontario is wealthy, successful and that we are the rich province in our Dominion. Of course we are the rich province; we are not denying that. I am not wishing otherwise. I am glad that we are a prosperous province. I am not happy with the way we have handled our wealth, because a lot of

it has come to us not because we are any smarter than people in other parts of Canada but simply because of our location. In the last two and a half years, nothing has changed. As a matter of fact, some things are not even as good as they were before.

This government, when it comes to effecting change, is cautious, and hesitant even. It has said some things that have led people to believe there was going to be change. I am thinking of the educational promises, the amount of money that was going to be put into that and some of the promises on free trade that the Premier (Mr. Peterson) made, which clearly misled the Ontario public. I do not want to be too general; I want to be specific about some of the things that bother me about Ontario.

For example, since this government came into power in 1985, the welfare case load in Ontario has worsened by 5.7 per cent from 99,900 cases—almost 100,000 cases—to 105,700 cases. Those are not individuals; those are cases and a case may include, and usually does, more than one person.

Statistics Canada announced last month that there are 160,000 children in Ontario living in families below the poverty line. We know that—and this was raised in the Legislature—children from families who live on welfare are three times more likely than their classmates to end up failing in school or being sent to remedial class for slow learners and so forth. Only 46 per cent of the children of the poor end up in advanced high school programs that will get them into university, and 88 per cent of middle class children end up in those programs that will get them into university. Of course, there are all the other psychiatric problems and disorders that come with being poor.

This government really has not moved to do anything about that. Certainly the Treasurer (Mr. R. F. Nixon) in his budget last spring did virtually nothing, and we had some exchanges on that last spring.

The area that bothers me and I find almost obscene—and if I was part of the moneyed establishment, or just the plain establishment of Ontario, I would be moving heaven and earth to stamp out food banks. I think they are an obscenity in a prosperous community. The use of food banks has never been higher than it is now. This year, the Daily Bread Food Bank will hand out 4.2 million pounds of food. I do not know how anyone justifies the presence of food banks in Metropolitan Toronto. Maybe if you either stay at the Harbour Castle Hilton all the time, or

never go there, one of the two extremes, you could accept the food banks. But I just do not know how—

Hon. R. F. Nixon: Have you been to the new YMCA?

Mr. Laughren: No. Should I have been?

Hon. R. F. Nixon: No. It is pretty luxurious, too.

Mr. Laughren: I do not know what that has to do with food banks.

Hon. R. F. Nixon: I will tell you what.

Mr. Laughren: Okay. Maybe there will be an opportunity today even to tell me about it.

The thing I am going to avoid at all costs during these estimates is getting the Treasurer angry.

Hon. R. F. Nixon: Me, too.

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Mr. Laughren: Because the sight of that face getting red and the neck bulging is too much for me to handle when I am trying to present a coherent case for my party.

I really think that the image of food banks in Toronto should bother everyone. Regardless of their position, food banks should bother people. I look at northern Ontario—and I am glad my colleague the member for Rainy River (Mr. Hampton) is here—and the unemployment rate in northwestern Ontario is 8.5 per cent. In Sudbury, it is 11.5 per cent. In Windsor, where you would think it would be low, it is still nine per cent, so that we still have unemployment in Ontario despite the fact that in Toronto it is the lowest in any major area in Canada, I think. For young people, aged 15 to 24, the unemployment rate is 7.6 per cent and for those 15 to 19, it is 10.7 per cent.

This statistic has got to be disturbing. I find this number hard to believe myself but I keep hearing it. There are 10,000 homeless people in Metropolitan Toronto. I do not know how you can have 10,000 homeless people, but I keep hearing this number—it is from supposedly unbiased sources—and 20,000 homeless people across Ontario. Those are really scary numbers.

Metro Toronto's budget for hostels was recently increased by \$7.7 million to deal with the increasing demand for temporary shelter. The waiting list for assisted housing has never been higher. There are nearly 28,000 families on Ontario Housing Corp. waiting lists, province-wide, and that is up from 18,000 when this government took office. So from 18,000 families on the waiting list for subsidized housing up to

28,000 in two and a half years should tell you something about your housing policies.

I know the Treasurer does not control the Ministry of Housing allocation, but given those statistics on the homeless and on the waiting list the Ministry of Housing failed to spend \$51.8 million of its allocated budget in the last fiscal year and \$40 million of that, I believe, was for subsidized housing. How do you put that together; the waiting list, the homeless and the Ministry of Housing not spending its allocation? That is beyond my comprehension.

Somebody is not keeping an eye on the Minister of Housing (Ms. Hošek). I am not sure it is the Treasurer's job, but if it not his, it is sure the Premier's. That money is allocated. When there is such obvious need, why is it not being spent? It has been approved. It probably got through the estimates of the committee as well.

Housing is an area the government is simply going to be forced to deal with in less than a Band-Aid kind of way because I think the problem is so serious. I look at the price of housing. According to statistics that I have read in the past two years, house prices have jumped 42 per cent in Brantford, Cambridge, Hamilton, Kitchener, London, Oshawa, Peterborough, Welland and Metro Toronto. In Sudbury and Thunder Bay prices have increased by over 25 per cent in the same period. In that same period, incomes for people have increased by less than seven per cent and we wonder why we have an affordable housing problem.

The average price of a house in Metro Toronto, I believe—I could be out \$5,000 here—is \$195,000. Of course your down payment I think has to be about 15 per cent now—and that is about \$30,000—and you have to have an income of over \$66,000 to meet the mortgage requirements. So with those kinds of rates first-time home buyers are virtually being driven from the market.

Housing prices are one side of that coin and apartment vacancies are the other. In Toronto, I believe the apartment vacancy rate is down to 0.4 per cent, four apartments in every 1,000. Is that not what the statistic means? Out of every 1,000 units, there are four empty and you can be sure they are not empty for very long in Metropolitan Toronto.

I do not know if the government understands the enormity of the problem. They know it is a problem. I believe that, but I wonder if they have grasped its enormity. I have always been proud of our society's ability to avoid the excesses of the society to the south of us in the United States. I have always thought that was very good thing. I

compare a city like Toronto, on the surface, to a city—now I will start naming cities so I will get into trouble here—or some cities to the south of us—some not so far south—and the difference in the lack of slums here compared to there is truly amazing. I have always been proud of the fact that we have been able to look after our people better, but I am telling you, I think we are heading for troubles in places like Toronto if we do not get our act together.

I want to talk just for a moment about protecting people who are not so young and swift. The minimum wage in Ontario right now is \$4.55 an hour, and over a 40-hour week that is about \$9,464 a year before any deductions. The Statscan poverty line for a single person living in a metropolitan area is \$11,000 a year, so these people on minimum wage are earning \$9,464 a year and the poverty level is over \$11,000. This is a statistic that startled me. For a family of four the poverty level is \$22,500. So even if both people in a family were working at the minimum wage in Ontario, they would be below the poverty level for a family of four. There is something wrong about that, unless you think that our society has evolved to the point where both people must work, period. Of course if you believe that, then you better get your act together on day care.

The number is truly distressing. I have used the Statscan numbers which are lower than the numbers for the Canadian Council on Social Development, which I believe are probably more realistic in terms of trying to keep your family together out there in metropolitan areas.

If you look back, it is not as though things are suddenly getting worse. I went back and looked at the minimum wage over the years and in 1979, Ontario's minimum wage was at about the poverty level. Eight years later, the poverty line is \$2,000 higher a year than the minimum wage. Maybe I said that backwards, but the idea is that eight years ago someone earning the minimum wage could live at the poverty level. Today, someone working at the minimum wage is \$2,000 below the poverty level established by Statscan. There is nothing to be proud of in anything that this government has done in the last couple of years.

Even the Minister of Community and Social Services (Mr. Sweeney) admitted in an interview with the *Globe and Mail*, Canada's national paper, that it made more sense for a family to stay on welfare than go out and work at the minimum wage. That says something about government policy that allows that to continue.

I think there is a lot to be done by this government. I know there is a bottomless pit of demands out there for money from the Treasurer, I have been around long enough to understand that; but this government has simply got to deal with the question of whether it is going to make the society, as stewards of the economy, more equitable or whether it is simply going to carry on as in the past. As a big-L Liberal administration, to be worthy of also being small-l, I think you really must address yourselves to that problem, because it is not appropriate not to do so.

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Part of the problem is viewing Ontario as Toronto—which is big, bustling and aggressive; the centre of government, the centre of media, the centre of everything—rather than realizing there are other parts of this province as well which have a lot of problems. I do not want to pre-empt my colleague the member for Rainy River because he may have some things to say later; I hope he will.

But I do want to point out some things about northern Ontario. When it comes to regional development, and I do not want to mix up my two messages here, one on free trade later and the other on regional development, but for those of us in northern Ontario who feel that there are regional inequities, the thought of free trade is scary because of restrictions that may very well be put on regional development programs. I assume the Treasurer knows that there could be a lot of problems.

We are worried in northern Ontario about free trade. Some people are not: the head honchos at Inco and Falconbridge are quite happy with the prospect of free trade because it is a continuation of the status quo. Why would they want anything changed in the world? So they are quite happy with the status quo. It is true about the lumber industry, which does not seem to be too worried either. Many of us, I can tell you, are indeed worried about it.

I can remember the softwood lumber issue. I am sure the Treasurer does too. With free trade, would that be resolved anyway? Anybody who is looking to free trade to resolve those kinds of irritants is wrong. It is not going to change anything.

I worry very much about the energy question, and I hope the Treasurer will tell us when he responds if he has any information on the whole question of energy costs for northern Ontario; if we have a continental energy policy what that means in terms of energy prices and policies for

regions of the country or a region of a province such as northern Ontario.

Energy pricing has been one of the main reasons for Ontario's economic wealth over the many decades; our advantage on energy. In northern Ontario we have quite a disadvantage in energy costs because of distances and because of our climate. I hope the government gets its act together in fighting this free trade agreement before it is too late, if it is not too late already.

As a northerner, I worry about what happens if the government says it has decided it wants to upgrade the development of our resources, whether it is minerals or whether it is lumber, and it is going to intervene and make sure our resources are upgraded more than they are at present. Would that be seen as an intervention in any kind of free trade arrangement?

I fear it would. There are probably better examples, but the example I would give is when the American government said, "Your stumpage fees are too low and the softwood lumber you are shipping across the border is therefore subsidized because your stumpage fees are too low." If we regard those stumpage fees as too low—as I personally did, to tell you the truth; nevertheless, I really believe that the Ontario government had the right to set those stumpage fees as low as it wanted, as a form of regional development in northern Ontario, to encourage the development of the resource for processing and so forth. But the Americans said, and they were quite right, that under a free trade arrangement they had a right to do that.

I resented what happened, but if we have a comprehensive free trade agreement and we say to a mining company, "We expect you to do more with that resource before you ship it out," I suspect it would be deemed to be intervention and counter to the philosophy of free trade; and it would be. I am concerned that if this free trade agreement goes through, those of us in northern Ontario who have been fighting to have a more diversified economy in the north, with more processing, will in effect be shut out from ever achieving that.

I really hope the Premier and the government get tougher in their opposition to free trade. I do not know what exactly the Premier can do or what, as a government, the province can do in just simply refusing to co-operate. I guess it can handle the grapes and the wine and so forth but I do not know what it can do about all the rest of it. I would appreciate an opinion on that.

I think the government had best lay before the Ontario people what its plans are in northern

Ontario. Many of us are sceptical at this point, although I think the government certainly has tried—and I do not want to be unduly harsh—to give the impression that there is a new era in northern Ontario and that it does want to see the economy of the north turned around. However, I am really sceptical because of the lack of money that has been made available to northern Ontario. A \$30-million heritage fund is not going to do a lot. I think that is about what we get from the softwood lumber tax. When you look at the size of northern Ontario and how serious the problems are, that is not going to do an awful lot for you.

The government simply has to accept the fact that it is an expensive problem, because while there is nothing wrong with holding conferences in the north, if that is the beginning and the ending of it it will make people in northern Ontario more cynical than they ever were with the previous government, which in many cases did not pretend it was going to do great things. But if this government pretends it is going to do great things and does not, then the wrath of the north will be upon its head, and appropriately so.

The northern Ontario chambers of commerce came out at the conference and suggested there should be reduced hydro rates as a development tool for northern Ontario. I would appreciate knowing from the Treasurer whether this government is prepared to entertain the idea of using reduced hydro rates as a regional development tool, particularly for northern Ontario. This party has called for that. Other people have called for it too, not just the New Democratic Party. I am not trying to claim that as NDP turf. But when the northern Ontario chambers of commerce, both northwestern and northeastern Ontario I believe, call for using subsidized hydro rates for development purposes, I think the government should be listening to them.

In a funny kind of way I was thinking of the government in northern Ontario and the government on free trade. The government is opposed to free trade, but the very things that free trade is opposed to the government is opposed to as well in terms of intervening in the marketplace and in terms of regional development programs. That is why from time to time the government's protestations over free trade ring a bit hollow for those of us who are trying to push the government to take more of a leadership role in the economy.

Given my politics on the left, I do not expect the Treasurer to embrace the degree of intervention that I would embrace. I understand that; I have been around too long to expect that. But I do

think there are lots of precedents for intervention in a region where something needs to happen. I am not calling for this government to intervene in a way that muscles aside the private sector. I know better than to ask the Treasurer to nationalize Inco, with or without compensation, because Judy Erola would not let him. I will not digress.

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Hon. R. F. Nixon: She is a friend of mine.

Mr. Laughren: Yes, she is and she is on the board of directors of Inco now, as I am sure you know. She was just appointed in the last couple of weeks. You indeed have friends in high places, Treasurer.

Mr. Harris: Rodriguez has drawn back.

Mr. Laughren: Is that right? I will speak to Rodriguez.

Hon. R. F. Nixon: Now that Elie Martel has gone back.

Mr. Laughren: I am not asking the Treasurer to intervene in the way that I would perhaps intervene. What I would ask the Treasurer to do is, when he sees there is a gap to fill it. If, for example, we have—I will use the statistic again for the sake of getting tired of hearing it myself: in this country, we are the number three producer of minerals in the world and the number one importer of mining machinery in the world.

Hon. R. F. Nixon: You're right. I am tired of hearing about it.

Mr. Laughren: Do something about it then, and you will not hear it any more. That is wrong. If we were to establish a mining machinery industry somewhere in northern Ontario—certain places come to mind faster than other places—if we were to do that it would not be intervening with private capital in Ontario or in the rest of Canada. It would be filling a void. That is what I think should be done; but when it comes to intervention the Treasurer is barely a Liberal.

I would like to know as well what the government is doing with the \$2 million a month it is getting from the softwood lumber tax. That must have been turned back to the province—

Hon. R. F. Nixon: Not yet.

Mr. Laughren: Not yet?

Hon. R. F. Nixon: I don't think we are getting anything back yet.

Mr. Laughren: Really. You must be building up a nice kitty there.

Hon. R. F. Nixon: I hope they are paying interest.

Mr. Laughren: Yes. Maybe you will be able to add it to the heritage fund to give it some substance. By the time the feds pay you, it might be worth putting into it.

I will not dwell on the mining sector, because it is marginally the Treasurer's responsibility, but job creation is within the Treasurer's mandate. It would be nice if he would think about Falconbridge, turn his mind to Falconbridge, try to get his mind off Judy Erola for a moment and think about Falconbridge and Bill James.

Hon. R. F. Nixon: Now there is a thought.

Mr. Laughren: Now there is a change in thinking. Falconbridge has been in Sudbury for over 50 years and still ships its ores to Norway for refining. That seems to me to be really strange. The Mining Act says they cannot do it, but the cabinet gives them an exemption. That is what has happened and that is what is continuing to happen to this day. I think that is an offence to those of us in northern Ontario.

Why would you not want to process that ore here? Refining it is barely processing it. They do the dangerous work up there, namely, the digging out, the dirty work and the smelting, and then they ship it to Norway for refining. I guess if we want always to be an underdeveloped developed country that is the way we will go on, but it seems pretty stupid to me.

All you have to do is stop the exemptions. You do not even have to amend the act, Treasurer. You do not even have to amend the Mining Act, just enforce it and stop giving exemptions. That is all you have to do. Mind you, the Mining Act is going to be referred to the standing committee on resources development for review in the next while. Maybe they will have something to say about that. Actually, I think it is the Mining Tax Act, which is separate from the Mining Act as I recall it.

Hon. R. F. Nixon: Right.

Mr. Laughren: There needs to be a grant in lieu of taxes in proportion to the mine workers living in that community who work for a mine outside the community. I think there is an ad hoc kind of arrangement now, if I am correct. It would be very nice to see something of more substance done with that. There are lots of examples in northern Ontario about that.

Also, one area we have been pounding away at for years—I think there was a commission called the Blair commission. Was that not Willis Blair? That is 10 years ago.

Hon. R. F. Nixon: That was on assessment.

Mr. Laughren: Yes, that is what I am coming to next.

One of the recommendations that a number of people made to Mr. Blair was that there should be an ability for communities to assess underground operations of mines, because a lot of their activity and even of their machinery, a lot of their wealth is underground. I am not talking about the ore; I am talking about machinery and so forth. There should be a way of assessing that.

The companies were not opposed to it, except that they did not want to see taxes loaded upon them, but they were quite happy to see more taxes go to the community at the community level. Obviously, they were against the provincial level and the federal level staying the same and then having the municipal level doubled.

There certainly was no resistance from the big mining companies about having more of those taxes stay at the municipal level. There are different ways you could do the assessing. There is something called a foundation tax that they talked about. There is underground taxation and so forth. That would make things better for the mining communities.

Anyway, I hope the Treasurer's mind is not closed to some significant regional development in northern Ontario. I really hope that the Treasurer will reassess the \$30-million heritage fund, because that is not enough money to do anything in northern Ontario. It costs between \$1 million and \$2 million a mile to build a new highway in northern Ontario, depending on how much rock they have to go through.

Hon. R. F. Nixon: That is another number we have heard.

Mr. Laughren: Have you heard that number? It is a good number, yes.

Hon. R. F. Nixon: How many miles could we build up there from the heritage fund?

Mr. Laughren: Between 10 and 20 miles. That is not much. Now I know the decision of which 10 or 20 miles to build would require public hearings all across the north over the next 10 years and several conferences.

Hon. R. F. Nixon: Is there not a southern bypass to Sudbury you are keen on?

Mr. Laughren: I got the northwest bypass already.

Hon. R. F. Nixon: Just as long as nobody goes through town.

Mr. Laughren: No, I am all for the southeast bypass. That is right. Your government announced it already. Do not pretend that you are

thinking about that, because it is already announced.

Hon. R. F. Nixon: Did we put a timetable on it?

Mr. Laughren: Yes, immediately.

Hon. R. F. Nixon: Immediately?

Mr. Laughren: Yes, and you know what that means.

Hon. R. F. Nixon: Any time in the next four years we can start.

Mr. Laughren: Very briefly, on the fascinating politics of gasoline pricing, I would simply ask the Treasurer to respond at the appropriate time. I do not want him to do it now, but to tell us what his government's plans are on the equalization of gasoline prices. A lot of people would like to know what the Liberal plan is for the equalization of gasoline prices.

Also, while the Treasurer is at it—I know he is not responsible for the development of highways, but just because of his stature in the cabinet—it would be nice to know what his views are on the four-laning of highways in northern Ontario. Someone said to me just this morning—we were not talking about the Treasurer; we were talking about northern Ontario and about gasoline prices and highways—that one thing that made it rather startling was when you cross the bridge at Sault Ste. Marie and you hit Interstate 74, which goes all the way to Florida. When you cross the border at Manitoba, you immediately encounter a four-lane highway as well. Of course, gasoline prices are lower in Michigan too. So there are some parts of Ontario—

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Hon. R. F. Nixon: Unemployment is higher, however, in Michigan. They do not have the Canadian Shield. They do not have—

Mr. Laughren: The Big Nickel.

Hon. R. F. Nixon: They do not have the pre-Cambrian shield.

Mr. Laughren: That is right. What is that, your hope as a tourist attraction? Is that what you are implying?

I want to know what the Treasurer's intentions are in that regard, on gasoline prices and highway development.

Can I give the Treasurer a suggestion? I know he is looking for suggestions; it is a very reasonable suggestion. I think it is good politics and makes good economic sense that the government sit down with the key ministers and decide on a four-laning highway program for northern Ontario. I will get in trouble for naming

them, but pick the major communities, Thunder Bay, Sault Ste. Marie, Sudbury, North Bay, Timmins, and decide how many miles of four-laning you can afford every year for the next 10 years or 20 years. You pick them; state that as an objective and get on with it.

Now the four-laning process is seen to be ad hoc, to be political pork-barrelling kind of stuff; everybody clamours for it at every election time, and nobody believes the government when it talks about four-laning.

Last year, the member for Timiskaming (Mr. Ramsay) announced there was going to be four-laning between Toronto and North Bay; it was going to be completed. In the estimates debate, someone said that to the Minister of Transportation and Communications (Mr. Fulton) and he said, "What?" He was not aware of it.

There is a silly kind of game going on out there about four-laning highways in northern Ontario. I think the government should get its act together and say, "We have a long-term goal here and it is to four-lane the Trans-Canada Highway across the north, and this is the schedule," and take it from there.

I wanted to make sure the Treasurer appreciates that I represent the mainstream of economic thought in Ontario, and what could be better evidence of that than if my thoughts are parallel to those of the chambers of commerce.

Hon. R. F. Nixon: I was going to draw your attention to that when you were talking about their recommendations. That is the second time you have agreed since, oh, 1890.

Mr. Laughren: That is right.

Mr. Villeneuve: Are you leading them or are they leading you?

Mr. Laughren: The question is, who is leading whom? That is right.

This is what the chambers say:

"It is submitted that the answer to the question of underdevelopment of northern Ontario lies in a comprehensive and coherent provincial strategy of the provincial cabinet that implements appropriate programs for economic growth and resource development for the province as a whole. Only in this way can the gap be closed for a more balanced growth between the two Ontarios, north and south. Only in this way can the conflicting interests be reconciled in resource development and tourism, forestry and mining sectors, environmental protection and industry, between communities within northern Ontario, between northern Ontario and the rest of the province."

I will not read it all. They go on to say, and this is the key:

"Be it resolved that the northern Ontario chambers of commerce urge the Premier of Ontario to take the necessary steps binding the government to formulate a provincial vision within which northern Ontario has a viable and equitable future"—that is what the chamber of commerce is saying—"and that the responsibility to formulate and co-ordinate a strategic plan of action for economic development to be ready for public discussion and input within a year."

What the chambers of commerce are asking the government, and surely this would have to be an economic policy of the government, is to lay before Ontario its plans for the north. I really do not think it is asking too much. What they are really saying is that they are tired of the ad hoc promises and actions, and there is nothing that seems to tie it all together.

Every now and again governments do some good things in northern Ontario. Believe me, I am not saying this because I happen to be from that community. For example, and I guess it was the previous government, the designation of Sudbury as the northeastern health centre was thinking bigger than just a local community; it was thinking of a region of the province and it was tying together both economic development and social policy. I think they were to be commended on that, and things are now starting to happen. So it can be done.

Hon. R. F. Nixon: Do Sudbury hospitals do abortions?

Mr. Laughren: Yes.

I hope the Treasurer will listen to my friends in the chambers of commerce. What I like about what they are saying is that it is not a pork-barrelling kind of thing where they say, "You give this community this and you give that community that." They are saying, "Tell us what your plans are for northern Ontario." I think they have a right to know that, because there really are two Ontarios.

I want to speak for a few moments—I will not go on a long time—about the free trade dispute. I realize the government has stated its opposition; the Premier did it again today. But it is almost like, and somebody used this analogy, standing on a railroad track with a train coming and putting up your hand and saying, "Stop, stop," and the train keeps coming. At some point, the intelligent person on the track will jump off or will derail the train. The Premier is just standing on the tracks yelling, "Stop." We have no idea, and he does not seem to have any idea, what he intends to do to derail free trade. If he does, he is keeping it a secret.

Mr. Harris: We did not have much luck with the rail analogy.

Mr. Laughren: Which train and which track are we going to be on?

Hon. R. F. Nixon: There is a train leaving, one going each way.

Mr. Villeneuve: He was on the platform. Now you have him on the tracks.

Mr. Laughren: He got hit by the train; that is right.

Hon. R. F. Nixon: Making \$200,000 a year.

Mr. Laughren: Some kind of oblivion.

Hon. R. F. Nixon: Do you want a ticket?

Mr. Laughren: They may very well give me one.

I hope the government has more in its back pocket than it has shown us, because if it does not have any plans at all, we are truly in trouble. I can only assume, giving the devil his due, that the government and the Premier do have some kind of plan. If they do not, then I fear the game is over. I hate to think that the Premier is simply standing on the track saying, "Stop."

There are a number of reasons that the free trade issue bothers me, not just me but my party. I would sum it up by saying the free trade ideology is that the fittest survive, and that is why Brian Mulroney likes it.

Mr. Hampton: The meanest survive.

Mr. Laughren: The meanest survive. It really is the "fittest survive" ideology. It is the one thing Brian Mulroney has done that fits ideologically with where he and his party should be. For that I give him credit. He believes in what he is doing. It is an ideologically appropriate position for the Tories to take federally, and I understand that. He has been consistent and he has worked hard at it. I am adamantly opposed to it, but it is the one thing he has done on which he has stuck to his guns.

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I worry a great deal about the vulnerable people, regions and sectors in Canada. I think of the textile sector, the food processing sector and some agricultural sectors. I think of the economically vulnerable people.

Women in our society are going to be harder hit than anybody else by this free trade deal; that is well documented by now. The government has a position paper that I thought was quite good that the women's directorate did on the effect of free trade on women. I thought it was a good document.

People in marginal industries are going to be hurt, as well as disadvantaged regions; and of course infant industry sectors, as the economists like to call them.

I worry about our sovereignty. Whether we liked the national energy program or not, we had a right to have one, I think, and this free trade would prevent that.

We will not be able to subsidize regions. Social programs could be regarded as a subsidy.

I think as well, from a broader kind of argument, that hitching our wagon to a falling star is hardly the thing to do either. The last time I looked the American trade deficit—not its budget deficit, its trade deficit—was \$150 billion a year. The Americans cannot live with that deficit. We are part of their deficit and they are going to do something about it. Free trade or not, we are not going to benefit from dealings with the Americans, given that trade deficit. They cannot continue with that deficit.

A figure I always think is a good figure to look at is the unutilized or underutilized industrial capacity. I think in the US the unutilized industrial capacity is around 20 per cent for manufacturing. If you think of that, they are going to want to take up that slack, and a very easy way to take up that slack would simply be to produce there what they currently produce here.

One other reason—and for me it is quite a fundamental reason—that I find it easy to be in opposition to free trade is when I look at the people lining up on each side. When I look at the pro-trade players and who they are, I know why I am where I am. I do not want to be simplistic about it, but I do not think that those people who are interested in free trade, who are pushing it so hard, are the kind of people who have the interests of me and my people in mind. I feel very strongly that it is very much a survival-of-the-fittest ideology and that it is the big ones who will survive this; they will survive anyway.

Finally, I do not want to trivialize the issue but I swear to you I cannot imagine any two people I would less like to have looking after the economic future of me and my children and their children than Brian Mulroney and Ronald Reagan. I have not heard them talk at all about any kind of adjustment programs if free trade goes through. I think that they are prepared to live with that survival-of-the-fittest theory and that they are not prepared to implement any adjustment program—or any meaningful adjustment programs. There was a statement in the House of Commons where the Prime Minister indicated that there were going to be programs,

and he was contradicted by, I think, the Minister of Finance. I could be wrong on the minister who contradicted him.

That is why I am so suspicious, because I believe that they are determined to get this free trade agreement and that they are willing to bite a bullet while the system shakes itself out over the next 10 or 15 years. I sure do not want to see that happen.

Interjection: There is a quorum call.

Mr. Laughren: It is probably not a bad time for me to take a break anyway. When we get to the appropriate vote, I would not mind talking for a moment about alternatives to free trade, because I do not think it is appropriate simply to talk about being in opposition to trade. I think we have to have our own vision of it. I will stop for the moment.

Interjection: What are we supposed to do when the bells ring? Walk, not run, to the nearest exit?

Mr. Harris: Mr. Chairman, if I could offer some advice, I would shoot two or three of your members down to help settle the quorum, so the House does not adjourn.

Interjections.

Hon. R. F. Nixon: I do not know whether it would in order for me to respond to two or three of the items raised by the New Democratic Party critic. One thing I do want to set straight. I said we had not received any revenue from the softwood lumber tax, and I am informed that we have; in fact, it is coming in at about the rate of \$3 million a month. We have received \$17.8 million to this date, and we are expected to receive \$30 million to \$35 million as a whole in this fiscal year.

Mr. Laughren: What are you going to do with it? Put it into the consolidated revenue fund?

Hon. R. F. Nixon: That is correct. It is certainly the government's intention to see that the money is spent in northern programs. It is pretty hard to mark the dollars as they come in, if you know what I mean. We could easily say it is all going up there and not make a change. We could also easily show you where the allocation in the north is up by \$35 million. In fact, it is a bit more than that. The argument can always be made that it should be earmarked and allocated for specific programs. We can talk about that in more detail if you want.

Mr. Chairman, I would like to respond to some of the points made by the honourable member just for about 10 minutes.

Mr. Chairman: Are you finished, Mr. Laughren?

Mr. Laughren: No, but I will stop there.

Hon. R. F. Nixon: I wanted to be sure that you got those numbers about the softwood lumber.

I have listed a number of points the honourable member has referred to. He began by talking about how unfortunate it is that apparently there is a need for food banks and special programs for the homeless and about what is happening to housing prices. All those things, I suppose, have been a function of the changing economy. While our economy is as buoyant as it has been at any time since the war, and we have had a longer period of economic expansion than at almost any time since the war, it is obvious that the dislocations among groups within the economy continue and, as the member pointed out, seem to be getting worse.

On the other hand, when you compare the level of our family benefits payment and general welfare assistance, while I would never for a moment say they are sufficient, they have been moving forward quite substantially, and the costs for these programs have assumed quite a large proportion of additional expenditures. We should, and I hope that we can, do more. I feel that we have made a substantial effort to recognize that special problem. I am sure that will be much more fully discussed in other estimates, but I just wanted to refer to it.

The honourable member at least was good enough to refer to what he called the "bottomless pit" of demands for money. I am not sure that the metaphor is perfect, but I am very much aware that a wide variety of programs—almost every one that a member could think of—has carried with it in the last couple of years, and certainly in the last months, substantial requirements for additional funding, if possible.

That means our budget planning process is really an exercise in identifying what we consider, with our colleagues in cabinet, the priorities; but even the selected priorities are going to consider themselves inappropriately funded, let alone the ones that have to be passed over with the thought that in future, in quotes, we will try to do better.

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I think a classic example is the funding for education, the attempt to improve the proportion of the cost of education paid by the province, and in particular to fulfil the commitment to improve the quality of education in the early grades by reducing the pupil-teacher ratio. The fact that I could not recommend to my colleagues that this

be done in one fell swoop, but that it would have to be phased in, is a matter of concern and controversy.

Certainly the responsibility lies with me in many respects, but we have to support programs with the funds we feel we can allocate. The honourable member and some of his colleagues might consider the idea of achieving that goal over a period of three years to be a misrepresentation. I do not consider it in that way. I believe it is a responsible way to fulfil our commitment to improve the quality of education. I will not keep saying that I wish we could do more. I think that goes without saying for any of us. I will not keep telling you that.

Mr. Laughren: Would you say, however, that you wish he had consulted you first?

Hon. R. F. Nixon: I thought his comments in this connection were reasonable under the circumstances.

He went on to move, not in the area of free trade, but with his concern that regional development might be dislocated or even precluded by a free trade agreement. My own understanding is that is not the case. I think most members will have heard the explanation from the Premier and other spokespersons for our free trade policy on more than one occasion, that when the discussions on free trade began it was our expectation that quite a wide variety of the policy areas would lie in the responsibility of the province, including regional development, our marketing board legislation, some other programs having to do with culture, and I suppose I should specifically mention the beer and wine industry. It was expected there would be as many as 10 specific areas that would have to be enacted by the provinces if the agreement were to go forward.

As the discussions went forward and we saw the draft agreement—evidently the formal agreement now will be available within a few hours—it was apparent the two sides had decided that regional development would be excluded and that certain regional development processes would be permitted.

I think still excluded, however, is the one thing the honourable member referred to specifically and that was subsidized power rates for specific industries. I still believe it is possible for power rates for a whole region, available to municipalities and individual users as well as industries, to be reduced as a matter of policy. I will be able to say something about that in more detail later in the estimates since I believe Ontario Hydro does have an announced policy of reducing these

costs. I will let you know about that in a little detail a bit later on.

Just to go back, the point the critic for the official opposition made that even with our prosperity and the demand for more money our programs still do not seem to be designed to assist the most needy group—his reference was to people at the poverty level—was well made. I do not mind repeating, however, that in each budget I have brought forward, our tax reduction program has been strengthened, which took more and more people off the income tax rolls in Ontario. Each budget has done that and I would like to do even more.

I was quite impressed, for example, that in Quebec its tax reduction program is very rich indeed. I think it is more geared to the poverty level that Statistics Canada identifies, which I think is quite commendable. This tax reduction program, while it costs real dollars, does not cost very much when you are removing the low income end. It is when you start moving up to the \$20,000 income level, which is still below the poverty level for a family of four, that it cuts into revenues from personal income tax. There are other areas where I believe our policies have shown concern for our low income residents, for senior citizens' tax reduction enrichment and certain other areas.

The member very properly referred to our policies for northern Ontario. I point with some pride to the fact that the former Deputy Treasurer, Brock Smith, now has the main administrative responsibility for those northern development programs through the two ministries, the Ministry of Mines and the Ministry of Northern Development. So there is co-ordination there. I think you may recall that the Premier, when the announcement was made of his appointment, indicated we felt it was an earmark of our concern that one of our top administrators was being given the responsibility for that.

The member is aware that we have already planned to transfer 1,100 public service jobs to the north and I refuse to allow that to be dismissed as sort of a mere bagatelle. The cost of the program concerns me. It was put before us before the decision was made, but it is a very important program to see those—

Mr. Laughren: I am sorry; I did not hear that. It was put before you before the decision was made?

Hon. R. F. Nixon: Of course. I wanted to be sure you understood that it was not some sort of a flyer taken without knowledge that this is an expensive program. In one instance, we are

actually moving a whole ministry to one of the northern cities. This involves a huge commitment of public dollars.

Mr. Harris: Do you have the cost? Why do you not tell us?

Hon. R. F. Nixon: We will respond to any questions you may have as best we can.

The heritage fund was announced at \$30 million this year, I believe. This is always equated with the number of miles of four-lane highway through the pre-Cambrian shield it would build—

Mr. Laughren: Two lanes.

Hon. R. F. Nixon: —which is probably a couple of hundred yards.

The overall budget for the north has been strengthened. We have made an administrative commitment that I have already referred to. The northern development fund with its \$100 million of programs is fully committed. While this may not appear to the honourable member as a sufficiently co-ordinated approach to a continuing program, it is the policy we have at the present time.

Mr. Laughren: Hodgepodge.

Hon. R. F. Nixon: The reference to Falconbridge and its refining in Norway has been raised in the House for the last 25 years. I must look into that from the Treasury's point of view. My own experience has been that there has always been a justification for the utilization of the ores in the past. I am not prepared to defend it. I think maybe one of my colleagues would be in a better position to do so, but I would like to be a little better satisfied myself with the continuation of that policy.

The payments for mining communities have been a matter of concern for me. I think Marathon and Manitouwadge were the two principal ones, and there was White River. Marathon was the main one since there are so many people living there who work at the Hemlo gold facility, which is some distance away. The idea of redrawing the town boundaries to include Hemlo did not seem practicable to me. We made sort of an ad hoc payment of \$500,000 to the municipality last year with the understanding that we would try to have a co-ordinated policy. As a matter of fact, I think the understanding was that we would have a co-ordinated policy by the time of the next budget.

Mr. Laughren: Does that require legislation?

Hon. R. F. Nixon: It probably does. There are a few people here who are listening to what I have to say because I have been urging them to move

forward with a reasonable proposal we can live with that will enable us to select the northern communities affected by this program and to work out a procedure whereby the transference of funds will give them the ability to plan for the future. It is not going to be some sort of cheque that goes from Treasury and arrives in the mail without being related to a formula that is understandable. We are working on that.

1700

I have been waiting for a question on gas prices for quite a while, so the stuff I have is largely out of date.

Interjection: What has changed?

Hon. R. F. Nixon: Well, this is November 4, and since the honourable members from the north have not even raised it since the House went into session on November 3 until now, there is a clear indication of the level of their interest and concern.

Mr. Chairman: Get the lead out of your gas.

Hon. R. F. Nixon: This is nonleaded as of November 4. I will make some judicious selections here if I can. In Sudbury, it is 49.3 cents a litre.

Interjection.

Hon. R. F. Nixon: That is where you live, is it not? Sudbury is 49.3 cents; Brockville, 51.5; Ottawa, 52.9; Pembroke, 51.7; Toronto, 49.0. That is cheaper. That is 0.3 cents a litre cheaper. However, in North York and Scarborough, it is 49.5 cents. In Etobicoke, it is 50.5. Sudbury is 49.3. Whitby is 48.9 and Mississauga is 50.5. That is very expensive.

Mr. Laughren: How about Manitouwadge.

Hon. R. F. Nixon: Hamilton is 52.9 cents. Is there anybody here from Hamilton? Woodstock, which is close to home, is 49.7. Actually, if we were to get the reading from South Dumfries township, it is definitely cheaper than Sudbury in South Dumfries, but in many, many communities in southern Ontario it is more expensive than in Sudbury. I think it is because the business people in Sudbury are committed to the competitive position and those are the facts that have been provided to me.

Mr. Laughren: Name some more northern communities.

Hon. R. F. Nixon: I can name some more northern communities. North Bay does not seem to be so dedicated to the free enterprise system and it is 52.5 cents per litre. Timmins is 52.5. There is a strange similarity there. Sault Ste.

Marie is 52.9; Thunder Bay, 51.9; Dryden, 50.7; Kenora, 52.9; Fort Frances, 51.5.

Mr. Laughren: Is Chapleau on there?

Hon. R. F. Nixon: Chapleau is not on there. That starts with a C, does it not? It is not on this list but maybe you can tell me what it cost on November 4.

I think the Ministry of Energy has a program to keep us and also the local communities informed of the differences. We think the competitive process will assist in this regard. In fact, we felt the commitment of an additional \$30 million through the heritage fund, as well as other dollars, was more appropriate to assist in providing reasonable transportation facilities in the north.

Mr. Laughren: Can you be more specific?

Hon. R. F. Nixon: No. That is a big chunk of money. I was very interested in many of the proposals, but specifically in one from the honourable member where he said, "Why do you not actually decide what roads in the north you want to improve?" We could certainly consult with the elected members from the various constituencies on that—and the chamber of commerce; I know the honourable member would not want us to miss out on consulting the chamber of commerce.

Suppose we take the idea of, "Let's do this over a period of 10 or 12 years and let's find some way to fund it." Whether the member believes it or not, we are not sitting on some unallocated pool of money, but suppose we say, "Let's look at the gas tax and let's say to the citizens who use the roads, 'OK, we're going to allocate some part of the gas tax.'"

I think the member is aware that as Treasurer I have always been quite philosophically opposed to the allocation of revenues. I have always thought it was a bad thing to do. But in travelling in the north as extensively as I do and in other areas in the south where there is a demand for improved transportation facilities, certainly here in the city of Toronto—anybody driving in from the west of Toronto would feel the roads were to some degree inadequate from time to time.

What about an earmarked gasoline tax, a broadening, strengthening increase where you would say, "OK, this revenue is going to go to pay for, not roads in general but for this program of speedup"? I would not mind hearing your views or those of any other member on that because, as I say, I do not like allocated taxes but in an instance like this, let us think about it.

Mr. Laughren: I do not like allocated taxes either; and if I was in the Treasurer's seat I would

not buy that argument of allocated taxes, but I think what the Treasurer missed was my suggestion, not in terms of how you pay for it—that obviously is a problem you have to work out.

Hon. R. F. Nixon: I was asking for your help.

Mr. Laughren: I was talking about the problem of identifying a community and saying that we are going to go 10 miles each side of this community this year and another 10 miles four-laning each side of North Bay or whatever the community is so that we have a program of four-laning that makes sense and deals with the most congested areas first. That is all I was saying.

Hon. R. F. Nixon: OK. Finally, just the metaphor about the train bearing down on the Premier standing in the tracks—

Mr. Laughren: I have mixed feelings about that one.

Hon. R. F. Nixon: I think probably the Premier is sending as clear as possible signals to the engineer and—

Mr. Laughren: Not the brakeman.

Mr. Chairman: He is out of control.

Hon. R. F. Nixon:—presumably that is what he is supposed to do and what other citizens, elected and others, are doing. I started an explanation that I really did not take to its conclusion when I said that when free trade was first discussed, there was every expectation that there would be somewhere been six and 10 specific parts of it that would require provincial implementation, changes in statutes or regulations or an approval of the policy at the provincial level.

In the event, the only one that is the responsibility of the province is the wine issue. Certainly, when the Premier indicated he would stop it, he indicated he would not approve anything in the provincial area and he has already said publicly that it is not his intention to amend the regulations associated with the wine part of the initial agreement. He is doing what he can do, and as you know, he has expressed a view widely, most recently at the first ministers' conference, as to our objections entered into after careful review of all the facts.

The other thing I think we have to bear in mind is that presumably, assuming the engineer is not going to be receptive to these signals, aside from the mess that is going to happen on your mythical train track, we also have to think about what the province will do in the event this inappropriate policy does go forward. I was very much aware of the fact that the Prime Minister indicated they

had a wide range of support programs for industries and jurisdictions that would have to react to it. The Minister of Finance said that there was nothing new, that it was just the good old programs they always have had for economic adjustments following any dislocation.

That is where it stands. I think this committee might very well express some view, as far as the utilization of our budget and our policy development is concerned, about what to do with regard to free trade implementation in the event that on January 3, or whenever the deadline is, the two nations do sign the accord. It is going to be a matter of substantial concern as to how we are going to fund the adjustments that will be necessary. My own hope is that the federal government in initiating this and moving forward with it will accept those responsibilities that I view are entirely its in this connection.

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Mr. Harris: Unlike the Treasurer who talked about the conflicts and how busy he is, I have nothing to do other than these estimates, although I do have Ministry of Labour estimates as well. I do not know how the House leaders negotiated the priority of these estimates so that I ended up here.

I want to congratulate the Treasurer on his reappointment and, of course, the deputy minister, with whom I had occasion to work. I can vouch for her ability. I am not sure whether I am agreeing with the member for Nickel Belt (Mr. Laughren)—I think he said it and, if he did, I do concur—when I say that I share in the pride of her appointment more than I do the Treasurer's, particularly on his past two years' performance.

Hon. R. F. Nixon: You're breaking my heart.

Mr. Harris: However, I do also concur with the minister's remarks on the staff of the ministry. I am pleased to concur with those comments when I or my party and my predecessors have occasion to work with the ministry.

I do want to make a few opening remarks and I have a few questions that I will intersperse along the way and try to highlight as I get to them. I want to make a few remarks relevant to some of the issues, and the Treasurer's responsibilities that are of concern to our party. I hope the Treasurer will have an opportunity to address them in this very reduced forum of time that we have allocated to us.

I note the October labour force figures were released on the weekend and the numbers show that there has been a marginal increase in the province's unemployment rate to 5.9 per cent. Job creation certainly remains strong. The

province's rate remains well below the national average. I know that these kinds of numbers bring a smile to the Treasurer's face and that he has been doing a lot of smiling over the past two years.

I am reminded of the type of smile and the beaming face that you see on TV when you see lottery winners. It is that Cheshire cat grin that excites them, except they really cannot figure out what they did to deserve it, but it exudes—

Hon. R. F. Nixon: They bought a ticket.

Mr. Harris: That is what it is.

I think the Treasurer has also agreed on a number of occasions that he has had some good fortune in assuming the portfolio in this longest and strongest period of sustained growth in the province's recent history. That is not to say he has not had his problems, not the least of which, I am sure, was figuring out how to accommodate some of the spending plans of his cabinet colleagues and how to deliver on some of the big-ticket campaign promises in a "fiscally responsible manner."

I want to put forward, on behalf of our party, that, rather than sitting around congratulating ourselves on our good fortune, we would like the Treasurer to share with us how he intends to sustain that good fortune and how he intends to deal with some of the clouds that we believe are on the horizon. We are interested in hearing the Treasurer's thoughts on matters such as tax reform and on the budget process, then on free trade, and on trade in general I might add.

In regard to the economic performance and outlook, the Treasurer was smiling again on November 18, when he made his financial statement in the House on Ontario's economic performance. He told us on that occasion that the economy was performing better than he forecast, that the budget plan was on track, that growth was expected to continue, that all was well with the world and everybody should not worry.

I and many others listen with enjoyment to the Treasurer's statements and I read with interest the products from what we think are relatively biased figures from time to time. We find they only tell us half the story. I want to talk about the November 18 statement and I want to refer to a number of headlines that appeared in the papers.

The June 5 Kitchener-Waterloo Record had a column by Eric Dowd which notes, "Little Evidence of Liberal Frugality." An item written by Peter Cook in the Globe and Mail of August 5 is headlined, "There Are Limits to the Luck of Ontario's David Peterson." On September 16, a Canadian Press story points out, "Provincial

Credit Ratings Kept at Recession Levels." I have not heard the Treasurer indicate there is a recession at the moment in the province.

On October 14, Rosemary Speirs, one of my favourites, wrote in the government's pet paper, "Ontario Credit Rating Still Not Tops." Surprise. That concerned her. On November 17, the day before the Treasurer made his statement in the House, the *London Free Press* headlined its business report with a story, "Banks See Stalled Ontario Economy in 1988." That is not what we heard in the statement. On November 19, Mr. Goldstein's column read, "Economic Luck is Dwindling."

I mention those articles, and they are good ones if people would like to refer to them, but taken together, I believe they provide a good overview of some of the problems with the government's fiscal policies and point to some of the problems the government will have to address; we believe it ought to have, but surely it will have to in the near future.

It is my belief that this government has used luck as a substitute for sound fiscal policy and has used the current boom as an escape from tough fiscal decisions. As a result, when the luck runs out we will be unable to cope with emerging problems as flexibly and as creatively as might otherwise have been the case.

The first issue I would like to raise briefly with the Treasurer concerns the province's economic growth as it relates to trade. In his November 18 statement, the Treasurer noted that the province was in its 21st consecutive quarter of growth. I believe it is more than coincidence that the growth has occurred during a period of world-wide recovery in export sales.

I am sure the Treasurer would not disagree with the observation that the economic boom in this province has been led and sustained by export sales, by consumer spending, by new business investment and that, in Ontario at least, these three factors are intimately related. To narrow the focus, the boom has been fuelled to no small degree by our export sales to the United States.

Mr. Cook noted in his August column, that the province of Ontario has benefited from the deliberate policy decision of the current American administration "to give its economy the biggest fiscal boost in history, pushing up demand, artificially inflating the value of the US dollar and allowing imports to pour in."

My concern is that the American policies, which in the initial and the middle phases of a recovery operated substantially to the benefit of

Ontario, have created serious and pressing problems for the Americans, the solutions to which have troubling negative implications for future provincial economic growth.

Committee members will be aware that more than a third of our gross provincial product is generated by export sales. We also know the American market accounts for 90 per cent of our exports. Two of every five jobs relate to trade with the United States. The importance of the United States as Ontario's major trading partner has increased in the 1980-86 period.

For example, Ontario exports to the United States were 76.8 per cent of total provincial exports in 1980; today, they are about 90 per cent. In other terms, Ontario's top 10 export markets in 1980, aside from the US—trade outside the US—accounted for 13 per cent of our total exports; in 1986, that is down to 5.4 per cent of our total exports.

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These facts are clear. We depend on export for a considerable portion of our provincial wealth and we depend on the United States for a considerable portion of our export sales, an increasing proportion. I do not want to get into the free trade debate at this point. I think the member for Nickel Belt, who has left, and I would agree on what has occurred over the past six years. We are just stating the facts here, and there are no secrets, I do not think, as to where the parties stand on the issue. I do not want to delve into that.

My point is that we are going to face a number of problems whether the United States and Canada sign and ratify a free trade agreement or whether they do not. Specifically, my concern is that the solutions to America's twin problems of a huge budget deficit and a large current account deficit, to which their trade deficit is the major contributor, will be bad news for Ontario.

I agree with the school of thought which holds that resolving these problems will require the United States to shift the focus of its policies from consumption to production, to increase its exports and to further reduce the value of the dollar. In short, the Americans will have to abandon the supply-side approach which, as one commentator put it, has meant that foreigners supply most of the goods and all the money which has underwritten growth in the American economy during this decade.

What are the implications for Ontario, with or without free trade, of that type of policy shift? Reduce American demand and we will reduce the market for our exports. Increased American

export sales will mean more intense competition for overseas markets. A weaker American dollar will make their exports more attractive and imports less attractive.

I would like to ask the Treasurer if he could comment on whether he agrees with that basic analysis, whether his ministry has any recent projections on the growth of Ontario exports over the medium term and whether he would be able to provide this committee with an analysis of the proportion of Ontario government revenues that are generated now by exports, and specifically by exports to the United States.

I want to talk a little bit on fiscal management. I have concerns, which may be shared by other members, that any downturn in the level of American demand will reduce the level of economic activity in this province. Such a development would pose some problems for this government, including the problem of financing the massive expenditure programs it has put in place and the problem of delivery on any of its many campaign commitments. I realize the last throne speech said that those promises would be implemented within a "framework of fiscal responsibility," but I also note that there was no framework in which those promises were made.

If there is a downturn in the level of economic activity, it is my belief that the government will be hard pressed to maintain its current spending without a very substantial increase in its net cash requirements or some very significant program cuts, or without adding to its growing list of broken promises or without another round of tax increases. Those seem to be the options available. I would suggest the latter will compound the problem you find yourself in.

Some of these difficulties could have and should have been avoided had the Treasurer and his colleagues opted to pursue a more rigorous approach to expenditure constraints and a more determined approach to deficit reduction.

I find it perplexing that after 21 quarters of consecutive growth the province's credit rating is still not tops. I find it startling that during the 1984-85 to 1987-88 period government revenues have increased by more than \$9 billion, its tax revenues have increased by more than 50 per cent, but the deficit is still \$1 billion.

The reason for this is simple enough. As Mr. Dowd noted in his column, we have seen very little evidence of Liberal frugality. In 1975, the current Premier, Mr. Peterson, was expressing the concern that deficit financing unduly raised people's expectations. Apparently, expensive campaign promises do not have the same effect.

In 1980, he complained about interest payments on the provincial debt, but his government has added about \$4 billion to the funded debts since taking office. Instead of frugality we have seen expenditures increase by over \$8 billion, by over 30 per cent.

We have seen growth in government outlays outstrip growth in the economy in every budget the Treasurer has tabled. We have seen a government which has benefited from an unprecedented increase in its revenues, including some major revenue windfalls, apply less than 10 per cent of its revenue increases to deficit reduction. In the current fiscal year, the government applied less than two per cent of its in-year revenue increase to deficit reduction. That is the windfall, the stuff he did not think he would get.

The reason the province's credit rating still is not tops is because the government has no commitment to control its spending. That is why in 1987-88, after five years of economic expansion, government spending in relation to the gross provincial product is at the same level that it was in 1983-84 when the province was coming out of the recession. It is only down slightly from a level of 1982-83 when the full impact of the recession showed up in government finances. The government's spending record would be worse had it delivered on the campaign promises it made in the last two election campaigns.

Going back to 1985, there were major items such as the promised phase-out of the Ontario health insurance plan, \$1.7 billion, which we looked for in every budget we have seen; the promised \$200 rural road improvement programs, never established; tax credit for northern households, never established; \$300 million tax credit program for small businesses, never established. Those are but a few of the \$3.6 billion in unkept promises from the 1985 campaign. Now we can add the \$3.1 billion, five-year cost of the commitments made during the 1987 campaign.

Perhaps the Treasurer could help the committee on a number of points. Could he tell us if any of these promises figure in the spending plans for the coming fiscal year? Is his government still committed to a five-year phase-out of OHIP; if so, when will it start? Can I go back to North Bay and tell my constituents that the northern tax credit will be in the next budget?

The Treasurer has indicated that his government costed out the commitments contained in the last Conservative Party throne speech in terms of the impact on the deficit. Can the Treasurer tell us if his government has done the

same with his own campaign commitments? Can he provide us with that analysis, which he surely has done?

Can the Treasurer or his staff tell us, assuming no new revenue measures are introduced, the average level of economic growth he will require to supply the revenues he will need to maintain the real dollar value of his current expenditures and transfers and to implement what his government said it would do?

In regard to expenditure constraints, I suppose we should take some comfort in the fact that the deficit would be even worse had the government not done two things.

First, it introduced some fairly hefty tax increases, including increased personal income taxes and an increased land transfer tax. I do not want to go over the old ground again. I want to raise with the Treasurer an idea he and others might want to consider. When the government proposes tax increases, it normally indicates the projected revenue impact of the increase. However, the actual impact of the increase is not, to my knowledge, publicly reported anywhere.

Perhaps some consideration should be given to including in the annual financial report a statement on the impact of the tax measures on government revenues. I am sure both the taxpayers and the members of the assembly would be interested to know how much additional money the government raised in 1985-86, 1986-87 and 1987-88 as a result of increasing the income tax from 48 per cent to 50 per cent through the federal base, and so on throughout the tax changes; a small matter, but one that I think is fair for people to have when making assessments.

Second, the government helped to reduce its deficit by crediting to its expenditures certain in-year savings and constraints. In the current fiscal year, for instance, the government was able to reduce its deficit by crediting \$350 million in savings and constraints to its current expenditures. I am not sure it is a satisfactory defence that other Treasurers have done the same. All that says to me is the Treasurer agrees with doing it that way.

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Frankly, I have always had some difficulty with this approach. At the very least, I think it is incumbent on the Treasurer to provide an accounting of where these savings and constraints have been realized; on what programs and activities has the government saved money or constrained expenditures. We know, because it was raised in the House, that last year the

government underspent its appropriations on some very important programs in the Ministry of Housing and in the Ministry of Skills Development.

This year, while government expenditures are continuing to run ahead of the budget plan, the latest financial report still credits \$350 million in constraints. I think all members would like to know where those operating and capital account savings are being realized.

While we are on the subject of government reporting, perhaps the Treasurer could tell us why a ministry-by-ministry breakdown of the capital account was not included in the quarterly financial statements as well.

Briefly on tax expenditures, another area where I think the reporting on the province's finances could be improved is in the area of tax expenditures. I know the Treasurer looked at the matter in the May 1986 budget and the Provincial Auditor in his most recent report raised what I think are some legitimate concerns.

The bottom line is that the province appears to have very little idea of whether it is getting value for money on the estimated \$79 billion in annual tax expenditures. It is my impression—and the Treasurer might want to correct me on this—that we simply do not know if the return on the tax expenditures is worth the cost in forgone revenue.

Could the Treasurer tell us what his ministry has done in this area since it issued the 1986 paper? How would he respond to the suggestion that all tax expenditures should be introduced with a sunset provision which will require mandatory review after a set period of time? Would he support an audit of major tax expenditure programs and a review of tax expenditures by the standing committee on finance and economic affairs?

I want to comment briefly on the international banking centres. I raise the issue of the productivity of tax expenditures in part because of recent reports that the government is considering some tax changes to offset the impact on the city of Toronto of the federal government's plan to designate Montreal and Vancouver as international banking centres.

There seems to be some continuing confusion as to the impact such a move would have on Toronto in terms of employment and economic activity. I personally believe that the market and only the market should decide which city becomes an IBC.

Leaving aside for a moment the problems of bruised egos and mixed signals, could the

Treasurer tell us whether the province is contemplating tax changes in response to the federal policy? If so, what is the estimated cost of these measures and what substantive benefit does the province expect to receive from them? Can he share with the members whether the government has done or commissioned any studies on the impact of the federal policy on the Toronto financial community that would serve to justify more favourable tax treatment for the industry?

I want to mention tax reform briefly as well. In the November 18 statement, the Treasurer noted that as a result of federal proposals Ontario's personal income tax revenues would decline by \$430 million in 1988. However, in going through the federal tax reform papers, I notice the federal projection for the direct impact of personal and corporate income tax reform on provincial government revenues for the 1988 through 1992 tax years shows Ontario revenues would increase by \$77 million in 1988, decline by \$18 million in 1989, increase by \$112 million in 1990, \$180 million in 1991 and \$227 million in 1992.

Could the Treasurer provide members of the committee with his ministry's analysis of the impact of the reform proposals, particularly their analysis of the relative impacts of the personal income tax proposals and the corporate income tax proposals on provincial revenues from those sources? Could the Treasurer clarify for the committee what type of federal sales tax reform his government would support? Could the Treasurer provide members of the committee with copies of any submissions made by the government of Ontario to the federal government on the sales tax reform issue?

These are a few of the items. I am not certain that I am fair in suggesting that the answer to all of these ought to be forthcoming before six o'clock, before the conclusion of these estimates, but I think some of the requests that I have made for information are fair requests since, obviously, the information is available in the ministry and you have relied on it in making many of the statements that you have made. If it is not available, then you have made a number of statements without very much information to support them.

The Treasurer mentioned in his opening remarks that the auditor had made some comment on the estimates process. I want to comment briefly as well and say that I too, as I go through the estimates one more time, am convinced that the system has outlived its usefulness and that reform is long overdue. I

hope all members share that view. It is one that is being pursued.

I also assume, given his statements, that we can count on the Treasurer's support for other comments the auditor made regarding the amount of research provided for the opposition members and assistance they will need to do a more effective job on the estimates. We hope the Treasury will support the restoration of opposition research funding to the former level that we received prior to the last election.

I have one or two other questions that I think may be appropriate for me to get on the record since I do not know how much more time I am going to get in these estimates. I will do it quickly. The Treasurer indicated that he knows the cost of the ministry transfers to northern Ontario and took that into consideration in giving his blessing to the move. Surely, that is information that ought to be shared with all members of this committee and with the Legislature so that everybody can determine whether people other than the Treasurer think they are getting value for money.

I had a quick question on the organizational chart on page 15 in the book you handed out. I do not think you even have to refer to it to answer. The organizational chart shows—

Mr. Laughren: What page?

Mr. Harris: Sorry, tab 6, page 15. I am not great on these little things. I did not grow up with these.

I wonder why the Deputy Treasurer and Deputy Minister of Economics appears to have absolutely nothing to do with the Task Force on Investment of Public Service Pension Funds and the Stadium Corp. of Ontario Ltd.

Mr. Laughren: Or the parliamentary assistant.

Mr. Harris: Or the parliamentary assistant. That is a little different.

Hon. R. F. Nixon: I think that is an error in arrangement. The Deputy Treasurer and Deputy Minister of Economics has general administrative oversight of all those things, with the possible exception of the parliamentary assistant.

Mr. Harris: Yes, I understand. Are you saying that is an error?

Hon. R. F. Nixon: Yes, it is.

Mr. Harris: Also, on page 18, I would like you to comment on why you need, according to my records, 27 more civil servants in your ministry to handle the affairs of the ministry? Actually, it is 27, but I think if you look at note C, 12 have been moved out, so presumably it is

about 40 staff; about a 10 per cent increase in the number of civil servants. I would be interested in knowing why you need 40 more.

I must comment on gasoline prices and four-laning. Those were the subject of a discussion, a little bit of conversation. I will do that briefly as well and indicate that I think the Treasurer has missed the point. I have no doubt that he can pick certain figures out of the air at a certain given period of time and find gasoline prices not as high as the differential that we suggest to him. It is on average. It is the average that is considerably higher.

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I think he also misses another point. What is the matter if gasoline happens to be cheaper in northern Ontario? Is it such a great crisis and shame if the Treasurer was responsible for a program that gave northern Ontario gasoline cheaper than in southern Ontario? I suggest that to you. I suggested before the previous election that I thought the Treasurer should look seriously at it; and I would support the elimination of gasoline tax in northern Ontario. There could be some phase-in basis, if you like, through the region so that it does not become, all of a sudden, eight cents' difference at stations across the street from one another.

I believe it would cost \$170 million. I would suggest that the Treasurer find some way to fund it. I would not want to see it added to the deficit. It might need a modest increase in southern Ontario to compensate for it. I say that because I can think of no other way that would benefit everybody fairly and still allow opportunity in the north.

We have been through it and the government agrees that northern Ontario is not sharing in the recovery with southern Ontario. If you reduced or eliminated the tax and you monitored the companies to make sure it was passed on, and if that provided any kind of added incentive, as I believe it would, to the cost of living in northern Ontario, to the industries in northern Ontario, to the cost of shipping, which affects our goods, to more attractiveness in locating industry there, to the tourism industry, I cannot think of anything else that would generally be positive for absolutely everybody and would also help to close the gap between companies deciding whether they want to locate in southern Ontario or in northern Ontario.

Mr. Laughren: Is it the gas tax you are talking about?

Mr. Harris: Yes.

On the four-laning, I say the same thing. I was in conversation with somebody in my riding in small business who is having difficulty and I asked him, what could the government do or what did he need for his business to be successful. He said, "The only thing I can think of is if I was located in Toronto. If you could move North Bay to Toronto, and my plant with it, I would be fine." There are two things that will help bring him closer to Toronto: a four-lane highway and a reduced cost of transportation.

Those two issues should be viewed as economic and tourism development tools, in my opinion. I think if it meant fewer dollars in grants to businesses in northern Ontario that would not upset me—I do not think it would upset the business people in northern Ontario either—or if it meant fewer grants to build resorts and motels. I have never agreed with that. I do not know why we give money to people to build motels, hotels and resorts as opposed to those types of things that they can all benefit from, like highways, like reduced cost of gasoline.

Interjection.

Mr. Harris: No, I am all for tourism. I would like to see the money spent to the benefit of all, and everybody will build hotels. I do not know a hotel that has been built anywhere in my area that, (a) has been built without a grant; and (b), would not have been built without it anyway. They just apply for it because it is there. They are stupid not to, because we are stupid to give it to them.

Interjection.

Mr. Harris: The Treasurer asks for suggestions. It came to me as he was talking. I am not sure I want to propose this, but I would say that toll roads might be one method of building four-lane highways without allocating specific tax dollars.

Could the Treasurer indicate to me why his interest payments are up? Is it \$245 million more this year than last? I suspect I know the answer. It disturbs me that we are paying that much more in interest. I would suggest that the people of Ontario could use \$245 million in another way.

I emphasized the debt in my remarks. What are the total interest payments now? What is that figure? Is it \$4 billion roughly? Imagine what the Treasurer could do with \$4 billion in money that did not have to go into interest. That problem gets worse and worse and, in the period of economic activity we have had, he must be embarrassed to have contributed more to that problem. You can be as critical as you want about inheriting. I am not particularly interested in the past, I am

interested in what this Treasurer is doing and what this government is doing, and I am interested in what happens in the future.

I think I have asked enough questions in my period of allotted time. I thank the chairman for the opportunity.

Hon. R. F. Nixon: There are some specific questions that the staff will provide answers for, probably tomorrow or the next time this committee meets. So anything I leave out, I will count on them to provide the information that is needed.

Also, a note came down via the page that the debate on the auto insurance bill may be winding up now, but evidently it will not wind up until tomorrow. Does this committee meet tomorrow? Yes. I may have a little difficulty, because I want to be present for the windup of the debate. If it is the wish of the committee to continue with the parliamentary assistant filling in for the minister, the staff will be here to provide the information in specific matters, particularly as raised by the two opposition critics and the other members of the committee who will want to ask questions at that time. If you choose not to sit, to close down while I am delivering my windup speech, that is up to you people.

Mr. Harris: I have not given my remarks yet.

Hon. R. F. Nixon: Maybe we could just cancel it out.

On the cost of the move to the north, I do not see any reason why the numbers that are available to me and to the government should not be public. I will have a look at that stuff, but I think it would be very appropriate if all the members of the Legislature had that information. I think it is quite important that we have it.

Returning to the gas pricing, it really is not the policy at the present time to reduce the tax on a geographic basis. I know the province of Quebec did that with mixed results, although its gasoline tax is much higher than ours on a general basis. In fact, it was our policy position that we try to provide additional funds for improved northern transportation, cars and airplanes. That was our alternative, unsatisfactory though the opposition parties might find it.

The member for Nipissing (Mr. Harris) referred specifically to a policy on four-laning. The idea of actually setting out what the plan over a period of years would be appeals to me except, of course, that the communities that are not listed there might not like it. While that small political drawback does not give me much pause—I am not the person who would make the decision—in general, I certainly think a program of commitment of dollars to highway improvement in the

north and in other places is something that we ought to give more serious consideration to.

The member for Nipissing was talking about the good luck of the government. He is aware and I am aware of that as well. The improvement in our jurisdiction is matched by other jurisdictions. However, ours was perhaps more focused than most other jurisdictions. By that I mean it was stronger. It has given us a leg up in funding a good many programs that we feel should have been more substantially funded. There is no political indication in that. We have already talked about it and the fact that the previous administration, in the early 1980s in particular, came through a period when it was difficult to maintain the funding for its programs even as they were and it went to a deficit position of close to \$3 billion. As a matter of fact, the deficit position then, translated to present day dollars, would be about \$4.2 billion.

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Since we are now below \$1 billion in our cash requirements, this would mean that if, God forbid, the economy took a serious tumble, our revenues disintegrated and our costs for family benefits and other programs of that type substantially increased, there would be, as the honourable member pointed out, the alternative of increasing our cash requirements to maintain and in some instances strengthen those programs.

He also said that he does not think any thought of increasing taxes would be admissible, but our economy does continue to grow at quite a substantial rate. You can imagine how carefully the people in the office of economic policy look at the indicators month by month. We examine our sales tax revenues, car sales, housing starts and employment statistics and all the indications show there is no pause in the development at the present time. I think we would be very foolish if we did not look into—

Mr. Harris: I said if you were in a recession.

Hon. Mr. Nixon: Right. OK. All these things are of concern.

We expect, for example, the growth this year to be 3.9 per cent, which is about one per cent lower than it was last year. Of course, that 3.9 per cent is on a much bigger base so the actual dollars involved are substantial. We know what this has done to our job creation and to our unemployment rate. The unemployment rate went up 0.2 per cent in this most recent month's report, but we still created a substantial number of new jobs. The workforce increased more rapidly as more people came into the workforce. There were young people, some unemployed people, more

women joining the workforce and so on. The job creation this year has been substantial. We expect for this year almost 150,000 new jobs will have been created.

I do not want to spend a lot of time on this, other than to indicate that the office of economic policy is predicting a continuing reduction in real growth rate. It is down one per cent this year. We expect it to be down one per cent in the upcoming calendar year. The rate of growth, even with the projections we have, is diminishing. It is still a very healthy growth rate indeed, particularly based on the much expanded base of economic activity in the province. The commitment of capital remains astonishingly high. The housing starts are even higher than we had predicted at the time of the budget. But we are well aware that all these things are showing a tendency to level out.

There are a good many very bright people, present company included of course, who are looking at the effects of the stock market crash and even at the fact that last Monday there was an additional sharp reduction in values. They feel that during 1988 the reduction in economic development might even be stronger or more serious than the Ministry of Treasury and Economics is predicting.

The member for Nipissing referred to one of the bank predictions, that of the Bank of Montreal, which is very pessimistic indeed, indicating no growth, I believe, in the first quarter of 1988. This would really mean that after Christmas the whole place would go to hell in a hand-basket. I hope they are wrong.

From our point of view, we have to make an independent projection, but I can assure you that Dr. Purchase and our officials keep a very careful eye on the projections from the banks and the other economic projection institutions, here in Canada and in the United States, the United Kingdom, Germany, Japan, everywhere where people have been able to marshal intelligent, well-trained economists to do their best to give guidance to the governments of the day. We are following it very closely. I do not think that is going to change the outcome but we hope our programs will be responsive.

The credit rating was referred to in passing. I think the honourable members know that Moody's has maintained us at triple-A. They never took us down from that. Their approach to rating is a little more broadly based than Standard and Poor's, which has a series of specific financial indicators that they use to reduce us to double-A plus. We do not know what they intend to do in the future. While I think it is important, I

am not overly concerned with it because we want to operate in a fiscally responsible way. From my point of view, I believe we are.

I was interested in the Progressive Conservative Party critic's reference to our dependence on the United States for our economic stability and strength. I am informed that US exports are 32 per cent of Ontario's gross domestic product and that a reduction of US growth by one per cent, if it were to go into an economic decline, would reduce our growth at the same time by 0.4 per cent, so we have a substantial dependence on internal economic growth as well as on trade with other countries.

I think the Premier has indicated, and I agree with him in this, that our growth of trading numbers and ability with other countries is extremely important. We certainly do not want to discount the relationship with the United States, which has been a good one and still is maintained as a good trade relationship, but anything we can do to foster trade through the General Agreement on Tariffs and Trade is one of our top priorities as well.

The fiscal management business is interesting. I think the honourable members know that while we still have a cash requirement of close to \$1 billion—and it may even be \$1 billion this year; we are at \$980 million—I would not say it was reduced by that \$20 million for cosmetic purposes but it was sort of nice to have it in three figures, not four, after the other six. The honourable members know that our current account is very close to being balanced. It moves \$20 million either way. I feel I can say that our day-to-day business of government finance is balanced. I think this is healthy.

Also, we have a trend for the reduction of cash requirements that I hope we can continue. I am not promising we can. It may be that by the time our budget is presented next March or whenever, I will be defending the fact that we are keeping it close to where it is now, because we are just beginning the discussions that will lead to the budget decisions. As members have already pointed out, there is a lot of pressure for expenditure, all of it well-based on need in the community. My need to have nice-looking numbers has got to be balanced with the positions put forward by the members of the House for additional expenditure on well-merited programs of substantial importance.

I have said this a number of times: I should mention that our deficit position of under \$1 billion basically supports a capital expenditure this year of \$2.6 billion.

Oh, it is six o'clock. With these comments, I guess if I have a chance to be here when the committee opens tomorrow, I would like to continue referring specifically to the points the honourable member has made. The committee may decide to continue its session. Mr. Polsinelli and the officials will be here to provide whatever information is needed and I will return to the estimates as soon as I can.

Mr. Chairman: I believe we have agreement that Mr. Polsinelli will continue and that you will return. Is that correct?

Just a final item before we go: on the question of voting, you can either vote on individual items or we can stack them. Would it be the consensus that we stack them at the end of the consideration of the estimates?

Mr. Harris: I suggest we do that. I doubt we are going to have time to divide them up appropriately, as we should if we are to do any kind of proper analysis of your estimates.

Mr. Chairman: We will stack them. The final item is, are we going to follow it as listed on the page and what days do you envisage we will do

votes 3701 and 3702, so that we can have appropriate staff?

Mr. Laughren: It seems to me that since we only have seven and a half hours in total and we have used up two and a half, there are about five left. We are only talking of two more days at the most. We do not need to worry about that so much, do we?

Mr. Chairman: All right. Is that agreed? Vote 3701 is ministry administration program and vote 3702 is Treasury program.

Mr. Harris: That is fine with me. I should tell you, too, that when you look at the amount of time we have to go over estimates—I guess this committee sits Monday and Tuesday—should there be some agreement in the next day or two as to the adjournment of the Legislature for Christmas with the likelihood that this will be all the time we spend on estimates, there may be some move to allow Energy some time in this committee. I guess, for my part, I would very likely be willing, if that is the case and it is a matter of dividing the time up, to carry these estimates tomorrow.

The committee adjourned at 6:03 p.m.

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STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

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Substitution:

Harris, Michael D. (Nipissing PC) for Mr. Sterling

Also taking part:

Laughren, Floyd (Nickel Belt NDP)

Clerk: Mellor, Lynn

Witnesses:

From the Ministry of Treasury and Economics:

Nixon, Hon. Robert F., Deputy Premier, Treasurer of Ontario and Minister of Economics and
Minister of Financial Institutions (Brant-Haldimand L)

Mogford, Mary, Deputy Treasurer and Deputy Minister of Economics



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Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Administration of Justice
Estimates, Ministry of Treasury and Economics

First Session, 34th Parliament
Tuesday, December 8, 1987

Speaker: Honourable H. A. Edighoffer
Clerk of the House: C. L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Tuesday, December 8, 1987

The committee met at 3:28 p.m. in room 228.

ESTIMATES, MINISTRY OF TREASURY AND ECONOMICS (concluded)

Mr. Chairman: I believe the deputy minister may have some answers to some of the questions before we proceed. Is that agreeable to everyone?

Ms. Mogford: I would like to ask selected members of our senior staff to respond to some of the questions that were raised yesterday afternoon. First I would like to ask Robert Watson, acting assistant deputy minister, office of the Treasury, to respond to some of the specifics.

Mr. Watson: The question I was going to respond to was the one raised by Mr. Harris, with respect to the public debt interest. I believe the question concerned the reason for the \$245 million increase in public debt interest between the estimates for the past fiscal year and the estimates for the current fiscal year. That increase was \$245 million. Actually, to compare the estimates for this year with the actual for last year, which we now have, perhaps gives a little more relevant comparison, and that increase is some \$280 million.

That increase arises from two sources. First, the interest on the borrowings to finance net cash requirements, which is primarily from the teachers' superannuation fund; and also the interest paid on special accounts, such as the public sector superannuation fund, the superannuation adjustment fund and the Province of Ontario Savings Office.

First, as for the interest on the borrowing to finance net cash requirements, about \$25 million of the increase represents the refinancing of some maturing Canada pension plan debt, which was originally issued some 20 years ago at a rate of interest of about six per cent. It is being refinanced at about 11 per cent.

Mr. Harris: Is that the CPP rate now for the provinces?

Mr. Watson: The CPP rate this month, I think, is about 10.14 per cent, so the interest on that refinancing is about \$25 million, being the interest differential of about five per cent.

In addition, about \$160 million of the increase represents the net new borrowings from the

teachers' superannuation fund. The expected borrowings this year are about \$1,625,000,000. There are about \$175 million in maturities, so the net new borrowing is the difference, or about \$1.45 billion at approximately 11 per cent interest. Then there is a small amount of about \$10 million, where we had slightly higher interest rates than we expected when the estimates were originally prepared.

Then, in addition, there are the borrowings from the special accounts. The public sector service fund, we expect to borrow about \$500 million there; and there will be about \$200 million also going into the superannuation adjustment fund. So for the total of \$700 million new borrowing at about 11 per cent, that is about \$75 million interest; and the balance of about \$12 million is the additional interest on the new deposits going into the Province of Ontario Savings Office.

Mr. Harris: I am sorry, at what percentage?

Mr. Watson: That would be somewhere in the order of nine to 10 per cent, because the borrowing cost there, although the depositors are presently paid something like seven and three quarters per cent, is an additional one per cent added on to that for the administration fee in terms of the costs of running the Province of Ontario Savings Office.

Mr. Harris: You build all that into it?

Mr. Watson: That is correct.

Mr. Harris: Of the total debt that is financed, do you have that figure and an approximate breakdown of what interest we are paying and where some of those mature, so that I could have an understanding of what is going to happen in, let us say the next five years, or the next three years or the next 10 years. If you could make that information available to me, that would suffice; that is, if you have an off-the-top-of-your-head overview of what is going to happen over, let us say the next period of years.

Mr. Watson: The maturities, for example, for the Canada Pension Plan—

Mr. Harris: For instance, when you borrow from Canada pension—help me understand. You just renewed some money, \$25 million—

Mr. Watson: Actually, it was—

Mr. Harris: Oh no, that is the differential on the amount.

Mr. Watson: That is right. The actual maturities were about \$375 million.

Mr. Harris: OK. How long does that 11 per cent rate cover?

Mr. Watson: It is for 20 years.

Mr. Harris: I think you said it was about 11 per cent.

Mr. Watson: Yes.

Mr. Harris: So it is fixed for 20 years?

Mr. Watson: That is right.

Mr. Harris: And is the superannuation fund the same? Do you fix a rate for 20 years?

Mr. Watson: That is correct.

Mr. Harris: Do all governments do that?

Mr. Watson: In terms of the Canada pension plan?

Mr. Harris: Yes.

Mr. Watson: The rate is the same for all provinces across Canada.

Mr. Harris: Is it always fixed at 20 years, or do you have an option?

Mr. Watson: No, unfortunately, it is 20 years and that is the original term of the—

Mr. Harris: Why do you say “unfortunately”?

Mr. Watson: In the sense that if we had the option, from a debt management point of view, we might look at it as a bit more attractive to borrow in the five or 10-year area.

Mr. Harris: The superannuation then, what is the length of the period of time there? Is it 20 years as well?

Mr. Watson: That is correct.

Mr. Harris: The teachers’ superannuation fund?

Mr. Watson: That is correct.

Mr. Harris: If you have control over that, why do you set 20 years there?

Mr. Watson: That is what the legislation—

Mr. Harris: Is that what the act says?

Mr. Watson: That is what the act says.

Mr. Harris: When you refinance or do new borrowing on that fund, it must be at an interest rate for 20 years?

Mr. Watson: That is correct.

Mr. Harris: I am sorry. I know I was interrupting. It just helps me understand. Do you have any idea of the total debt, where it is placed, at what interest rate and when it comes up?

Mr. Watson: Yes. The maturities, for example, for about the next four fiscal years, the Canada pension plan borrowings retirements will be arranged between \$412 million to \$476 million. In terms of teachers, there are no maturities. The \$176 million this year was a particular issue done some time ago. There are no repayments on teachers due until starting in about 1992.

Mr. Harris: What would be the average rate of interest the teachers’ superannuation fund is receiving now?

Mr. Watson: On the debt that is outstanding, we owe the teachers about \$10 billion. The weighted average rate on all of those borrowings outstanding is about 11 per cent. In terms of the Canada pension plan, at the end of the last fiscal year we owed them about \$14.7 billion. The average interest rate would be just under 10.5 per cent, about 10.4 per cent.

Mr. Harris: If we have no new borrowings or no new net cash requirements over the next five years, your rate of interest on most of your borrowings is fairly fixed.

Mr. Watson: That is correct.

Mr. Harris: Some of your CPPs are coming up.

Mr. Watson: Yes.

Mr. Harris: On the amount that you have borrowed, it is not a substantial amount and you would not project over the next five years, exclusive of any new cash requirements, a significant change in the weighted average interest rate you are paying on the debt?

Mr. Watson: No. The only variable rate debt we have are the Treasury bills, which are weekly tenders, and also the Province of Ontario Savings Office—that rate fluctuates—but the balance of the debt is fixed term, fixed rate debt.

Mr. Harris: Okay. You have \$10 billion with superannuation fund, \$14.7 billion with CPP, that is \$24.7 billion. Where is the rest?

Mr. Watson: There is \$1.3 billion with the Ontario municipal employees retirement system.

Mr. Harris: Yes.

Mr. Watson: There is about \$350 million with the federal government, which is the old municipal works assistance programs, employment incentive programs and loan programs. There is \$870 million outstanding in Ontario debentures and \$650 million outstanding in Treasury bills.

Mr. Harris: What does all that total roughly?

Mr. Watson: That totals almost \$28 billion.

Mr. Harris: What is the total accumulated debt of the province?

Mr. Watson: That is the total funded debt. Then there is the unfunded debt, in which the public service superannuation fund is about \$4.5 billion; the superannuation adjustment funds are about \$1.5 billion; Province of Ontario Savings Office is about \$900 million. So, the unfunded debt is about \$7 billion roughly. The total is about \$35 billion.

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Mr. Chairman: Mr. Laughren, do you have any questions?

Mr. Laughren: I have some questions that were of a—not on this, no. I have some other more general questions.

Mr. Chairman: Maybe we could ask the Deputy Minister to move on to the next item and then we will—

Ms. Mogford: I would like to ask Dr. Bryne Purchase, assistant deputy minister, office of economic policy, to respond to some issues raised yesterday.

Dr. Purchase: Mr. Harris had some questions on the economy. As I recall, you asked about exports to the United States. Perhaps you could refresh my memory a little bit. I mean I have some stuff here. I could answer if you could repeat the questions.

Mr. Harris: Why do you not just table everything you have?

Dr. Purchase: We will have to do that I guess in January. We will be doing that actually tomorrow. We will be tabling a lot of information that perhaps—

Mr. Harris: That I had asked for?

Dr. Purchase: Yes, although I am quite prepared to go through it. I think the Treasurer (Mr. R. F. Nixon) already indicated—your point was that the Ontario economy is highly dependent on exports to the United States.

Mr. Harris: Yes. I am looking for the exact wording I used, if you want that.

Dr. Purchase: If I miss it, you will let me know.

Mr. Harris: Yes. I am not hung up on some of the things. If you could provide us with that information, that is fine. I do not want to take up too much of the committee's time.

Dr. Purchase: One clarification. As I recall—just to fill you in on this—in the early stages of the recovery from the 1982 recession, the export

growth to the United States in particular, and in particular automobiles, was really the prime generator of economic growth in Ontario. About this there is absolutely no doubt.

In about 1985, export growth began to slacken off as the prime generator of growth and domestic demand, in particular consumer spending on durable goods as well as housing, began to become more important.

In 1986, that gathered strength so that domestic demand was really the prime generator of growth in the Ontario economy compared to exports; although exports were still a contributor to growth in 1986, and exports to the United States were a contributor to growth in 1986, they were not really the major contributor or even really a strong contributor.

In 1987, export growth, particularly to the United States, has really been a drag on growth in Ontario. The primary growth in the Ontario economy has come from domestic demand, particularly consumer spending on durable goods and housing. The economy is now much more sort of domestically oriented in terms of its growth potential; but your point about the share of the exports is—

Mr. Harris: Do you have a figure?

Dr. Purchase: Yes. Thirty-two per cent of gross domestic product in Ontario is generated by exports to the United States.

Mr. Harris: Right.

Dr. Purchase: It is extremely important. I do not think there is any denying that. But in terms of its contribution to growth, it has not contributed to growth in the past year and indeed even in 1986 it was a marginal contributor to the economic growth.

For next year we see it slightly stronger, partly because we see automobiles coming back. This year was not a good year for exports of automobiles. Mainly, that is for technical reasons related to the changeover of plants and so forth. Next year we see automobiles contributing a little bit to growth. Notwithstanding that US sales in automobiles may slacken, we think Ontario production will take a larger share of the North American market.

Mr. Harris: Okay. I understand that. Do you have any analysis of your own revenues that are generated by that 32 per cent?

Dr. Purchase: We have not done that kind of calculation. You can do it if you make a number of, one might say heroic assumptions. Perhaps there is a number out there where you could say that X per cent of our revenues are generated

because of export activity to the United States. Conversely, you could also say, however, that because we import a very substantial amount from the US, which presumably displaces domestic production—

Mr. Harris: If the balance of trade was even, then it would not be worth calculating because whatever assumptions you make it would be offset on the other side.

Dr. Purchase: Yes, that is right. We have done that. Of course, the balance is not even. We have a surplus with the United States.

Mr. Harris: How much of that surplus is in the auto sector?

Dr. Purchase: In auto trade? I do not have that number in front of me. It is not as large as one might expect, but it is quite large. In autos, we export the assembled vehicles and we have a huge trade surplus in assembled vehicles, but we have a large deficit still on parts. The auto trade is completely rationalized on a North American basis.

The other thing on autos that you have to take into account—and many people have pointed this out and I think it is legitimate, although unfortunately we do not have the numbers to keep us up to date on it—is that there are some numbers that do not normally enter into the calculations on the balance of trade on automobiles. For example, payments for royalties by the Big Three to the parent corporation; you do not see those numbers in the balance. That is a large number because there are large royalty payments to the US and also payments for other types of services which are supplied by the parent corporation. I think Mr. Silk has the numbers on autos for you.

Mr. Harris: Just the rough figures will do.

Mr. Silk: Yes. On the balance, in the first half of 1987 our surplus with the United States—Canada's surplus, but most of it would have been Ontario's—was \$1.9 billion, which is down from the previous six months by about \$479 million. The surplus shrank in the first half of this year.

Mr. Harris: Give us the figures again.

Mr. Silk: In the first six months of 1987, \$1.9 billion, which is down \$479 million.

Mr. Harris: So it was \$2.4 billion or \$2.3 billion?

Mr. Silk: It was \$2.379 billion.

Mr. Laughren: Can I just get a clarification there? What all is included in that surplus?

Dr. Purchase: Again, it goes back to my point on what is included in that number. I believe that

is the auto pact number. That covers only vehicles and parts that are traded under the auto pact, not non-auto pact trade. It does not include, as I was saying, payments for royalties or any other kind of service that the parent corporation may have provided to the Big Three. That is not an insignificant number, so it does bring it down. In the trade negotiations with the Americans, you have to point that out to them. It is a little more balanced than it looks if you look at the total trade. It is still in our favour at this point in time, although since the beginning of the agreement we are now marginally ahead, but only very marginally.

Mr. Harris: We were well behind at the start.

Dr. Purchase: Yes, that is right.

Mr. Harris: I will ask Floyd's question. What percentage of that trade surplus is in natural resources?

Dr. Purchase: The percentage of the trade surplus in natural resources? My guess for Ontario is that we have a large surplus in natural resources on those goods, but we have a very large deficit in machinery and equipment, which of course in the investment boom we have had in the last couple of years is quite substantial. On manufactured goods, notwithstanding the automobile trade surpluses, there may be a balance, but I will have to check that for you, sir. On raw materials or on semi-processed materials, I would think we have quite a substantial surplus. Newsprint, pulp and semi-fabricated steel—

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Mr. Laughren: Softwood lumber, even.

Dr. Purchase: Softwood lumber would be an important one as well. So there are a number of goods. There is no question in my mind that we would have a trade surplus on those things. On food, however, that is a little more balanced, because we have the large import during the winter growing season.

Mr. Harris: May I ask one other quick question? If real growth in a provincial economy is, say, three per cent or four per cent or two per cent, do you have any formula that you use to estimate what impact that growth will have on provincial revenue?

Dr. Purchase: Yes. There is a rough calculation that gets made. I probably should let my colleague the assistant deputy for the office of the budget answer this question. There is a rough correlation between the growth rate of nominal gross national product or gross domestic product, whichever you use, and total revenues. The number is somewhere around unit one. It may be

marginally less or marginally more, but it is somewhere around there.

If you take the real growth rate that we are talking about, plus the rate of price increase in the economy, you get the nominal number. So we are talking about a nominal GNP increase next year—I have my numbers right here—of roughly eight per cent. You will be looking at a very rough calculation, and I will let my colleague add to that.

Mr. Harris: That is based on 4.5 and 3.5.

Mr. Silk: No.

Dr. Purchase: No, for next year it is lower.

Mr. Silk: It is 2.8 per cent.

Dr. Purchase: Yes. Next year in gross domestic product, we are talking 2.8 per cent.

Mr. Harris: It is 2.8 per cent and 5.2 per cent inflation to get the number.

Dr. Purchase: Yes, roughly. I think that is roughly correct.

Mr. Harris: So you consider it pretty well one for one.

Dr. Purchase: Yes, but that is a kind of rule of thumb. That will get you in the ballpark.

Mr. Harris: It strikes me that if you have growth of, say, about three per cent, there would be some multiplier in excess of one for one for provincial revenues based on double taxing, if you like: you get a sales tax plus you get a higher income tax for the person who sold the product.

Mr. Gourley: Many of the revenues do not vary at all with respect to the economic activity, if you like, in the province. With vehicle licence fees, unless they are changed as a specific item, there is no change there; there is no impact as far as the revenues are concerned. When you have increased economic activity, you are not likely to have an increase in that just as a result of that. You would have to adjust the fees. So anything which is set by a fee or a licence would not vary at all with respect to economic activity.

In fact, our experience has shown, in relation to the percentage growth in the GPP, that the growth relationship has varied as low as, if you like, 85 per cent, or 0.85 to in the range of 0.95. It has never actually been unitary elasticity or unitary growth with respect to the GPP.

Mr. Harris: If you take the last fiscal year, what was the provincial growth?

Mr. Gourley: The current growth rate for GPP in 1987 is, I believe, eight per cent. So it roughly will be eight per cent, but the revenues will grow faster than that because of revenue increases that are built into the budget. In

addition, one has to look at the total revenues for any one year as representing both the underlying economic activity and the cash flow variances which take place in relation to collections under the personal income tax agreement with the federal government, for example. We anticipate receiving additional moneys from the federal government in relation to prior years' entitlement, so that any one fiscal year's revenues may contain other cash flow adjustments that are not related to the economy.

Mr. Harris: Not related to the gross provincial product.

Mr. Gourley: That is correct.

Generally speaking, in order to have total revenue growth greater than the rate of growth in the economy, there have to be adjustments on all of those fees and licences which are set specifically and set at a particular time. Those all have to be adjusted in order for those to grow faster or even to grow at all in relation to the economy. Other items such as retail sales tax revenue certainly relate to the economic activity of which Brian has been speaking, and consumer confidence.

Dr. Purchase: Just to give you a couple of other illustrations, whether that number is 0.95 or 0.98 or one, or even greater than one, it is a sort of ballpark number. Then it really depends on the nature of the growth you get. For example, suppose we had an expansion where a large part of the growth in the economy was because we were creating full-time jobs in the automobile industry. Because of the progressive nature of the personal income tax system, that would yield more revenue than if you created the equivalent amount of growth by creating more jobs of lower income. Again, the nature of the growth really makes a big difference.

Even, for example, the structure of the sales tax is such that it is focused principally on goods, and relatively heavily on a few goods; but if consumer expenditure increases are primarily on services, that shows up in the growth rate of the economy as more economic activity but we do not pick up a lot of revenue from that source.

Mr. Harris: You are projecting for next year eight per cent, so in the ballpark figure, with everything else being neutral—no tax increases, no other changes—you would project roughly that your revenues would be up about eight per cent.

Mr. Gourley: Roughly. You have to extract the one-time revenue implications that are in the current budget. There are some that are only one time, that you will receive only this particular

year, and you would have to take those out of next year's. But yes, that is correct. Essentially, your basic question is correct.

Mr. Harris: When the Treasurer made the announcement in the House of all the transfer payments of six, six and a half, in that range, and I indicated that he is transferring far less than he anticipates in the percentage he will get, I got kind of a blank look; but you would acknowledge that you are projecting your revenues, without any tax increase or anything else, to be about eight per cent?

Mr. Gourley: Approximately. As I mentioned, there are all of those elements of the revenue package, of the revenue items, which have to be adjusted specifically; and as Brian indicated, it really depends on the type of economic growth.

Mr. Harris: I understand there are a lot of factors here. Okay, sorry; that really was not part of my question yesterday.

Ms. Mogford: The gentleman who has just been speaking is Michael Gourley, assistant deputy minister, office of the budget, and he is to Dr. Purchase's left. I do not think we introduced Qaid Silk, who is the assistant director, macro-economic policy group. It would be helpful if Treasury staff could identify themselves when they come forward.

Mr. Chairman: I should have said that, because Hansard has to know who you are. Please do that as you come forward. They know all of us. We are old hat.

Mr. Laughren: Dr. Purchase, there are not many medical school graduates who have your fine grasp of economic detail.

Dr. Purchase: I know.

Mr. Laughren: I wanted to ask about the problem that Mike Harris raised about the machinery, and Dr. Purchase raised it himself, about the large deficit on machinery. It is not just mining machinery, I know, but I have always thought there should be some involvement by the provincial government in a mining machinery complex in the north. What are the views of Dr. Purchase or the deputy or the parliamentary assistant—I do not want to be restrictive—regarding free trade and any attempt by the province to involve itself in establishing some kind of program of replacing imports, where it was thought to be advisable, as a general economic policy of the Ontario government?

1600

Dr. Purchase: Just to answer one factual question. The 1986 deficit on industrial machine-

ry and equipment in Ontario was roughly \$2.9 billion. That would include mining. On the other issue, of what the free trade agreement has to say about this, I guess we will find out a little more on Thursday, when the agreement will be tabled in Parliament. We do not yet know the details. Just more generally, my understanding of the principles of the agreement, from what I have seen and what I am reading, is that whatever conditions were in place with respect to the prospects of United States countervail will remain after this agreement is signed.

In other words, if there is some policy that might conceivably be pursued by the government of Ontario or the government of Canada in respect of any of these industries, machinery and equipment or any other industry, there is no change as to the likelihood of that policy being countervailable and somehow contrary to US government legislation with respect to the trade.

Mr. Pouliot: That is some insight. It almost seems as if you are part of the negotiations.

Mr. Laughren: What about the problem though, Dr. Purchase? Right now we do not have such an animal and if the crown, Ontario being the crown, decided it was going to establish—I know this is fanciful on my part—a crown-operated mining machinery company—

Mr. Chairman: Don't soar too close to the sun.

Mr. Laughren: That is right. If the crown decided it wanted to do that—for foreign exchange purposes, job creation, regional development, whatever reason—decided it was actually going to build a major group of machines in Ontario—I am thinking of northern Ontario; I am not trying to hold you to something here but would there be some kind of objections on that because, say, it is a form of subsidy?

Dr. Purchase: Really, if it involves a subsidy—you mention a crown corporation, I am sure that takes it into another realm altogether in terms of the legal nature of these things. I do not pretend for a second to be an expert on the law with respect to trade in general, or in particular to this Canada-US trade agreement. In my understanding, again from reading the principles, I am not sure how crown corporations would be dealt with in that context, but if it involved a subsidy directly targeted to a particular industry, that would be currently countervailable under US law. Under the proposed trade agreement, that would continue to be countervailable.

The answer to the question is no, nothing has changed; we have exactly the same situation

except, as you know, the dispute mechanism does allow for a binational panel to review due process under US law.

Mr. Laughren: The US law, right.

Dr. Purchase: The US trade law continues in force, not in any way mitigated by this agreement, with certain exceptions. For example, as I understand the agreement, within the energy section they explicitly reference subsidies to the development and exploration of oil and gas reserves. That, I would presume, is an exception.

Ms. Mogford: Just to add to what Dr. Purchase has said and to underline the point about countervailable activity, I remind the committee members that the softwood lumber tax remains in place and the agreement has specifically not excluded or taken that off.

Mr. Laughren: Mr. Chairman, I would like your guidance here. I want to ask a couple of questions about Ontario and the federal sales tax reform vis-à-vis Ontario's position and so forth, and I do not know when to do that.

Mr. Chairman: You can do it now if you like.

Mr. Laughren: Is this the right—

Mr. Harris: I think my—

Ms. Mogford: I would like to ask Larry Leonard, the assistant deputy minister for tax reform to—

Mr. Laughren: I did not want to interfere with Mr. Harris.

Mr. Chairman: Mr. Harris, did you have any further questions of these two people?

Mr. Harris: I have lots but I presume we are going to run out of time.

Dr. Purchase: I am not sure I answered all of Mr. Harris's questions with respect to the US, although I think the Treasurer did mention that roughly, for every percentage point reduction in the US growth rate—whatever we tell you about the US growth rate, if you take a percentage point off that or if you add a point, you can add or subtract roughly four-tenths of a point from Ontario's growth rate. That is as a rule of thumb; again, I am not pretending these things are absolute.

Mr. Harris: No, I am just asking what you use as your estimate.

Dr. Purchase: Basically, as a rule of thumb, I think you can go with that. I know you talked about the possibility of a change in US government policy. Certainly, as you will see when you read our document tomorrow, we think there is a very high probability of a change in US government policy. Now it is a question of trying

to read the timing on that. When will that take place? If US fiscal policy turns more restrictive, for example: I think there is a very high probability of that as there is a growing sentiment in the United States that they have been consuming too much and borrowing from abroad to pay for that consumption. There is a very good chance that after President Reagan goes one could see tax increases in the United States, which would certainly change the circumstances.

Also, as you know, there has been an accord, although the details are to be worked out by today, I believe—I do not know if they have worked them out—which goes beyond the Gramm-Rudman targets to reduce the deficit by roughly \$30 billion this year and another \$45 billion next year. There is a chance that at present they could even go beyond that.

Mr. Chairman: Mr. Harris, just for purposes of clarification, I understand from the deputy minister that there are a number of answers to questions asked by the critics yesterday. Maybe you and Mr. Laughren would keep that in mind in terms of the time element. By the way, that clock—I noticed you glanced up at it—is operating on Chicago time. It is actually about seven minutes after four.

Mr. Harris: Just to finish the idea, you would agree then with the general premise that the economy in the United States has been consumer-driven and that this has been a tremendous benefit to Ontario.

Dr. Purchase: Yes, the numbers indicate that, and it is very likely that circumstance will turn around.

Mr. Harris: It will change.

Dr. Purchase: Yes, I think that it will in the 1990s even if there is not a policy change in the United States right away. People have been talking about deficit reduction policies in the United States for eight years, the entire two terms of the Ronald Reagan presidency; seven years so far. In the 1990s, regardless of whether there is a policy change, North America will see a wholly different environment anyway because the demographics will begin to change.

Mr. Chairman: Mr. Laughren, perhaps you would care to withhold that question you raised and allow the deputy minister to get on with the answers to—

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Ms. Mogford: We might have a chance, Mr. Laughren, after the other questions.

In that case, if we are putting those questions over, instead of Larry Leonard, at this point I

would like to ask Michael Gourley, assistant deputy minister, office of the budget and intergovernmental finance, to come back. I think he is going to be joined by Kathy Bouey, director of intergovernmental finance policy branch and Tom Sweeting, director of taxation policy branch.

Mr. Gourley: I would like to cover a series of questions that were asked yesterday. One particularly simple one to deal with was a question relating to the number of copies of submissions we had provided to the federal government. These are submissions on tax reform. Those submissions had basically been presented to the Legislature by the Treasurer in the form of statements or distribution of comments which the Treasurer had made. We have brought with us, for members of the committee, copies of those statements that the Treasurer made on tax reform.

I would like to cover some specific questions that were asked, though, in relation to the costs of the move to northern Ontario of a number of positions. We had indicated earlier in the budget that the payroll cost alone would be in the order of \$40 million, so that, if you like, the annual payroll of the total number of jobs which are being transferred to northern Ontario would represent \$40 million. In relation to the—

Mr. Laughren: That is hardly the cost of the move, though.

Mr. Gourley: No, it was more to speak to the economic impact of the move on the north, in terms of the size of the economy of the north with transfer of over 1,000 jobs to the north, many of which would go to northerners because of individuals who did not wish to move or who could not move to the north. It would therefore mean there would be vacancies which would have to be filled in the north. That cost or economic benefit is certainly one of the most significant economic benefits to the north in several years.

I also indicate that the ministries involved in the relocations are currently reviewing construction plans and construction estimates. They are not yet complete and have not yet been reviewed. Therefore, we do not have available the total cost of those structures. However, the Treasurer does intend to make that information available to the Legislature when those plans have been finalized.

Mr. Harris: The Treasurer indicated when the decision was made that the government and cabinet, and he as Treasurer, approved of the policy decision in the full knowledge that there

was a cost attached to it. I do not recall his exact words but I think he implied that he had a figure that he, as Treasurer, was prepared to support to his cabinet colleagues, saying it was worth while. Are you telling me you do not know that figure?

Mr. Gourley: No, I am saying that the specific details of the cost of the buildings and relocations are not available yet because they have not been finalized and have not been approved by Management Board, as it were.

Mr. Harris: I guess the figure I was looking for was the one the government used to justify the move, if you like, and presumably there was a cost benefit. You have given me what you felt was a cost benefit, that there would be \$40 million in payroll going into northern Ontario. I think the Treasurer implied yesterday that there was a cost to the government in doing that, and that is the figure. Sure, the building in North Bay may be \$20 million by the time it is finished as opposed to \$15 million, but what were the figures that were used? There must have been a ballpark figure.

Ms. Mogford: I think this is an important point, if I could add something following Mr. Harris's question. The decisions around the relocations have been made incrementally. In fact, the first group were made and then there were several others announced, as you will recall, so this has been sort of a continuing process. The Treasurer certainly has made a commitment that as soon as the figures are available following the final detailed planning, they will be shared with the Legislature.

Mr. Harris: That is fair, but I have to tell you that on the information I have been given, I am assuming the government had no clue, no idea how much it cost, whether it made any sense, whether there was a better way to spend the money or what value there was. It was just a policy decision; they were going to do it regardless of the cost. Then when it is all over with and they find out what the actual cost is, it will be reported to us. That is fine. I do not want to waste any more time, but that is really what I am being told today, I think.

Ms. Mogford: I think the key point is the point in terms of the economic impact of the jobs being relocated to the north on an ongoing basis.

Mr. Laughren: Do you mind if I jump in, Mr. Harris?

Mr. Harris: No.

Mr. Laughren: Mr. Harris raises a good point. I, for one, support the move of those

people to the north; unequivocally, I do. But I was here yesterday, too, and I was sure I heard the Treasurer say that they made the decision on the move in full knowledge of what the cost would be. He did not use those precise words, but it was pretty close. I do not know what is going on here because there was a clear impression that the Treasurer knew the costs before the moves were approved. I do not know what is going on but I think it should be cleared up.

Mr. Polsinelli: It seems that the explanation given by the deputy minister was an adequate one in the sense that those moves were made incrementally and that for each move there was a cost figure.

Mr. Laughren: I am sure it is adequate for you, parliamentary assistant, but it is not adequate for us. That is a nonsense.

Mr. Polsinelli: Well, the fact is that the Treasurer has made a commitment that he will supply those figures and that once they have been compiled they will be shared with the House. The decisions were made.

Mr. Laughren: Right; then we are just being told they are not available.

Mr. Pouliot: Good politics in a narrow sense. True to form.

Mr. Harris: Let us leave that. I do not think we are going to resolve that. I just want to be clear about what I understood. Before you leave that, do you know, either before or after the 1,200 get there, the total number of civil servants who are currently working north of the French River?

Mr. Gourley: I do not have that figure. I can get that figure. That is relatively easy to get.

Mr. Harris: If you could provide me with that figure, that would be helpful. My understanding is the total number of civil servants is up somewhere around 6,000. Maybe 1,200 is northern Ontario's share; maybe it is not.

Mr. Pouliot: If I may have a supplementary, how many are there in towns of less than 12,000, if we may get that statistic?

Mr. Harris: Do you understand what I am saying? I know there has been a substantial increase in the number of civil servants and most of them have been in southern Ontario. Perhaps the 1,200 who would be moved to the north is our share; perhaps it is less, perhaps it is more. That is the context in which I want to know the numbers.

Mr. Gourley: I can get those figures for you. We will get back to you on it.

Mr. Harris: Okay.

Mr. Gourley: I would like to go on to a couple of other questions that were asked. There was a question on debt burden. I point out that in the budgets brought to the House by the Treasurer, net cash requirements have been reduced from a planned \$2.2 billion of borrowing, or of increase in debt, to this year where we are at less than \$1 billion net cash requirement. There has been a reduction in the increase in debt; and over the same period, with the growth in the economy and a relatively stable level of debt that Mr. Watson spoke to earlier, Ontario's total debt as a percentage of the gross provincial product declined from 18.1 per cent in 1983-84 to 16.8 per cent.

This is one measure. It is not the only measure of debt, but it is a relative measure and has shown a decline in that period. There has been an increase in debt, as net cash requirement, by its very nature and definition, would suggest. That increase has been declining each year over the past three years.

There was another specific question in relation to the impact of revenue moves in budgets in general, an overview. The Treasurer mentioned that he will be providing the House with an updated version of Ontario's Economic and Fiscal Review which contains a useful table in assessing the impact of each budget move.

I have the specific revenue implications on the specific question that was asked, but on the general question which dealt with each or all of the revenue moves, the per-point yield table, which is provided in that document, illustrates what would happen to Ontario's revenues if we were to move, in a sense, either up or down by one percentage point or by whatever other change is indicated. In the case of the change in policy on taxation of gasoline and aviation fuels, we use a cents-per-litre calculation as opposed to a percentage increase or decrease per litre. Those figures are all updated and will be provided to the members of the standing committee, as well as to all members of the Legislature.

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Getting to the specific question that was asked, it was, "What do you estimate to be the revenue collected from the move from 48 per cent to 50 per cent on the personal income tax rate in the 1985 Ontario budget?" We have to make certain assumptions in order to arrive at this number, but given that we were able to do that, we have estimated the 1986-87 fiscal year revenues to be \$330 million.

I would caution a bit. To the extent that we have not received from the federal government all our entitlements for that particular year, we may not have received all of the cash, but in that taxation year we were entitled to receive about \$330 million; and in the 1987-88 fiscal year, the fiscal year which we are now in, that estimate grows to approximately \$365 million. As the size of total revenues grows, therefore, so grows the value of a two-percentage-point increase on the rate.

Mr. Chairman: Do you have a supplementary, Mr. Pouliot?

Mr. Pouliot: Yes, Mr. Chairman. In terms of revenue, what do you estimate the revenues from the Hemlo gold fields to be in the fiscal year 1987-88? Maybe Mr. Leonard can—

Mr. Gourley: I do not have that number at hand.

Mr. Pouliot: That is okay. As a matter of record, will you endeavour to look at that when it is convenient?

Mr. Gourley: I will have a look at that.

Mr. Chairman: Do you have shares in it?

Mr. Pouliot: I am sorry?

Mr. Chairman: Okay.

Mr. Gourley: There is a very large number of factors that would have to be looked at to calculate that revenue indication, but we will have a look at it and see what we can come up with as a number.

I would like to move on to a couple of other questions. On the revenue implications of tax reform, you specifically asked the question why there was a difference. I would like to ask Tom Sweeting, director of the taxation policy branch, if he will review the fiscal impact of reform.

Mr. Sweeting: I think the question referenced the fact that with the June 22 statement of the Treasurer on reform, there was appended a table of estimated revenue impacts on Ontario from the federal measures. That was a federal table that they had developed at the time of the white paper in which they estimated for each province what they thought the kinds of implications were going to be. They did it on a general basis and we broke it out on a provincial basis using their numbers.

Since then, we have had an opportunity to review the revenue estimates that the federal government has produced and we have adjusted those in terms of what we think is a better measure for the province. I have in front of me an adjusted set of numbers, which is available for the committee and will be supplied. Essentially,

the reason the numbers in the November 18 statement look different from those in the June 22 statement is that we are changing what the feds gave us in the first place. We have essentially increased what we think will be the personal income tax loss and reduced somewhat what they thought would be the corporate income tax gain. So the net picture is slightly more negative for the province.

Mr. Laughren: Excuse me. Are you telling us there is an update on November 18 as well?

Mr. Sweeting: Yes, and it is here.

Mr. Laughren: I see; OK.

Mr. Sweeting: It is available for you now.

Mr. Laughren: While we are getting that, could I ask the gentleman a question. In the November 18 statement, the Treasurer said that even by federal estimates, which seem conservative, which should not surprise any of us, Ontario's personal income tax revenues for that year would decline by at least \$430 million in 1988. What is that figure at now?

Mr. Sweeting: It is \$450 million.

Mr. Laughren: I am not the expert, but is it not true to say that is looking at only one year, when over a number of years Ontario's revenues will go up?

Mr. Sweeting: Over a number of years, the revenue loss in personal income tax will grow. In other words, by 1991-1992 we estimate that the \$450 million will have grown to \$520 million.

Mr. Laughren: OK, but that is only personal income tax.

Mr. Sweeting: That is only personal income tax.

Mr. Laughren: The package of revenues will go up.

Mr. Sweeting: On the other side of the ledger are the changes the federal government makes. They assumed we would parallel.

If I could digress for a minute, on corporate income tax we have a separate statute in Ontario, unlike the personal income tax. They run the personal income tax. They basically say: "Here is what you tax. What do you want the rate to be?" Then the Treasurer says, "I want the rate to be such and such." With respect to the corporate tax, we have that statute on our own. We set the base and we set the rate. We have a history of working very closely in terms of base with the federal government and we call that harmonizing our base with the federal government.

Mr. Laughren: No matter who is in power.

Mr. Sweeting: In that context, the federal government has assumed that we will harmonize our corporate tax system with theirs. Having made that assumption, there is growth in the corporate revenue base as a result of that, because that is what they do on the corporate tax reform side. Those numbers, therefore, are suggested, so there is an offset to personal income tax growth.

The original numbers the federal government suggested were a balance. When you mix all this together, take the personal income tax loss here and the corporate income tax gain there, throw in the established programs financing adjustment, all of that then comes out as a revenue gain over time for the province.

Mr. Laughren: Without sales tax.

Mr. Sweeting: Without sales tax or any of those kinds of things.

Our revised number suggests that not to be the case in the first five years; that the corporate income tax originally contemplated by the federal government, still assuming paralleling, which is obviously a policy question for the Treasurer to address, will not offset those revenues and we will be in a negative position in the first five years of reform.

Mr. Harris: Do federal Treasury officials agree with your numbers? At this stage, are you churning out your numbers and are they churning out theirs?

Mr. Sweeting: We have had staff discussions with the federal officials, who have indicated that their personal income tax numbers probably have to move up. I would not say they have agreed that they need to go up to the point where we have. I think there is still some difference, but the gap has narrowed. On the corporate tax side, I would say, if you ask them they would agree to disagree with us right now on the corporate tax end of this.

Mr. Gourley: I have a response to the question on tax expenditures. The question asked whether or not we have done anything since our 1986 budget paper. I would indicate to the members that we do have a practice of reviewing all so-called tax expenditure programs.

In fact, Mr. Sweeting's comments about tax reform speak to a very fundamental review that is going on. It is not called a tax expenditure review, it is called tax reform, but it is essentially a review of all the tax expenditures within the system. It says, "Let us look at all of those areas where, if you like, there are tax breaks, tax preferences and loopholes and try to level the playing field." All the tax expenditure programs

are called into question under the context and the umbrella of tax reform.

We certainly do review, in the context of the lead-up to each budget, the tax expenditure programs that are in existence. I think the major point in answering this question has to do with the fact that the government is looking at and co-operating in the whole program of tax reform with the federal government. That amounts to the widest and most in-depth review of tax expenditures that any government in Canada has undertaken, I think, in the history of tax expenditures.

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Mr. Harris: That is fine.

Mr. Gourley: Finally, a comment on the question of the in-year expenditure reductions and year-end savings program.

Mr. Harris: There were a couple of other questions on that. maybe this is one for the Treasurer to address. I talked about the sunset provision. I could ask you if the ministry would be supportive of that.

Mr. Gourley: I believe that in a sense tax reform is a sunset provision. It says they are all open for reconsideration. Once you have indicated that you are going to broaden the base—that is to say, take into consideration more individuals, and more companies certainly, that were previously not paying tax—then you are dealing with tax expenditures up front and in a very direct manner. I have not heard of a sunset provision discussed in the context of tax reform, but it is an interesting idea.

Was there another question that you indicated on this?

Mr. Harris: No.

Mr. Gourley: I would like to make a comment on the in-year expenditure reduction program and year-end savings. There is a question in Orders and Notices, to which we will be providing an answer. I would indicate in part that a very large portion of that \$350-million year-end savings constraints will be realized through unspent appropriations which by their very nature do not appear until very near the end of the fiscal year. Although ministries may well be intending to spend those moneys today, and if you were to ask them they may well intend to, but if for whatever reason—construction delays or project delays—they do not get spent and therefore the expenditure lapses, then that comes into the budget planning of the government, if you like.

In terms of the specific constraints, those for which ministries have been asked to look at and review their budgets, I think the specific target of other direct operating expenditures is a fairly common and understandable one which ministries would be asked to look at first. On top of that, ministries have been asked to look at other areas where spending can take place.

They have not completed those reviews; so I do not have an answer that says this ministry is going to reduce spending on this program by this amount in this budget. They do not have it yet. We are seven months into the year. They have not completed their reviews. They are due to come back. The Treasurer indicated to me that we would be making a full report in the context of the budget on this expenditure program—where the savings did take place—much as we have done in the past. We make it a practice to provide a more detailed report in the budget than in the quarterly reports.

Mr. Harris: Then what I am hearing is that there is really no attempt to cut \$275 million out of operating and \$75 million out of capital. Rather, it is the Treasurer's estimate of saying: "I know everybody said they absolutely needed every last nickel, but we went through it, we scrutinized, we justified it and we accepted it from every ministry. Having said that, our experience is that there will be \$350 million that they won't be able to spend in spite of that."

Mr. Gourley: No, not quite.

Mr. Harris: "So we will wait until the end of the year, and when they haven't used it up that will be the savings we will be reporting."

Mr. Gourley: There will be a portion of it which is attributable just to the phenomenon you spoke of, but a major portion of it will be directed. Underspending ministries have been asked to look at their budgets, to look at projects and items which they do not have to undertake and will therefore not require funding for and provide direct savings to the expenditure budget. So they will have to take discrete action. It is not a matter of just sitting around and waiting for it not to happen. They will have to say specifically, "We are not going to undertake this expenditure," whatever that may be. They are going to have to direct it, manage it, however you would like to describe it.

Mr. Harris: If one ministry, for some reason or another, cannot come on stream with \$75 million worth of capital, then the pressure is off everybody else; right?

Mr. Gourley: If that is the case. Our experience to date has been that ministries are looking for more, so we are having to manage it. We still have that target there. We still want to achieve it and we expect to achieve the year-end savings of which we have been speaking, in spite of the best intentions of managers who are trying to get projects under way and to provide the services, but for whatever reasons are not able to get them under way.

So that will happen, but they will also have to take discrete steps not to undertake activities, to cut back and to reduce expenditures. Certainly in the direct operating expenditures that is going to have to be the case, that individually they are going to have to live with: "Well, we don't have as much money for transportation, for services, for supplies and equipment as we had in the original budget. We are going to have to not buy that or not do this particular activity," whatever it happens to be," to achieve those savings."

Mr. Harris: What happens within a ministry if a line item is projected to be overspent by \$50 million or \$50,000, or whatever? Where does the approval come to spend that?

Mr. Gourley: Let us assume they have printed the estimates and they are in the House and running their budget when, suddenly, they believe they are going to require additional funding to support the program which they have got. They obviously have to make a firm estimate that that is what they are going to require, look within their own total ministry spending as to whether they can find offsets or reductions which could fund this, and then, basically, prepare a submission to Management Board of Cabinet, which is the general manager of government expenditure plans, and say, "We will require additional funding for this program." If that funding is granted, depending on the time of year, that approval may be taken forward in the form of supplementary estimates for a Management Board order or a special warrant.

Mr. Harris: But if they are going to be over \$50 million—

Mr. Polsinelli: The ministry still has a number of answers to questions that were raised yesterday, plus we would like to table some information on the Stadium Corp. of Ontario. Perhaps I could suggest that we could move on and return to this issue a little bit later.

Mr. Harris: You are telling me I am not going to have time to do everything we are going to do, and I know that. At some point, we are going to

adjourn and we are going to have to table everything we have not done.

I will ask just one final question. If a ministry is over by \$5 million on one, let us say, but it can find \$5 million on another line item, then does it take that forward to Management Board?

Mr. Gourley: That is part of the overall expenditure management policy that says if you need additional funding we ask you first to look within your own budget to see if you can find it. If you can, that is fine. If you cannot, you also must come forward and say, "We have looked and we cannot find it." It is not a terribly complex approach. It just says, "Please look within your own budget resources first to find the funding towards this."

Mr. Harris: Has it been your experience that it is much easier to get an increase through Management Board if you find it somewhere else within the ministry?

Mr. Gourley: Given that my job is to say no 99 per cent of the time, no, it is not my experience.

The Vice-Chairman: I believe you have a supplementary?

Mr. Laughren: That is exactly what it is. I want to get a snapshot, if you can provide it, of the exotic relationship between Treasury and Management Board and how that all fits together when there is request for approval for a program. Where does it go first?

Mr. Gourley: It goes to Management Board first. A specific submission is prepared, detailing the reasons for the expenditure and detailing alternatives that are available. Management Board staff consider that. A copy of that information is usually provided to Treasury staff and we make comments on it as well. Very often we are looking at it from the same perspective, since our objective is to manage the budget, the original budget plan which we lay out as the budget for the entire government's operations, and therefore our object is to stick within that plan and to meet those targets.

Mr. Laughren: Who is the boss?

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Mr. Gourley: The Treasurer is a member of both Management Board and Treasury. He is a member of the cabinet and the policy and priorities board. The Chairman of Management Board is a member of the policy and priorities board and of cabinet—

Mr. Laughren: And the boss is?

Mr. Gourley: —and the Chairman of Management Board at the same time; so there are opportunities for each minister to make a comment.

Mr. Laughren: If the Treasurer is the Chairman of Management Board—

Mr. Gourley: No. The Treasurer is a member of Management Board; he is not the Chairman of Management Board.

Mr. Laughren: That is right. Dare I ask the question to the deputy then? Who is the boss?

Ms. Mogford: The Premier (Mr. Peterson), I think.

Mr. Laughren: Now, now; how about Management Board and Treasury? Who has the final say?

Nobody knows? No wonder there is confusion.

Interjections.

Mr. Gourley: The Treasurer and Chairman of Management Board are present at the same meeting of Management Board. To ask who is the boss—

Mr. Laughren: I do not think it is fair to put you in that position. That is why I am asking the head table.

Mr. Polsinelli: Any member of the Legislature would know that cabinet ultimately makes the final decision, and it operates by consensus with the Premier running the ship.

Mr. Laughren: I rest my case.

The Vice-Chairman: Mr. Laughren, are you finished with your point?

Mr. Laughren: Yes.

The Vice-Chairman: Perhaps the deputy could introduce the answerers to the next questions?

Ms. Mogford: I would like to ask Sharon Cohen, executive director of administration, to speak to a question that was raised yesterday. This is Cecil Edwards, acting director of management services branch.

Ms. Cohen: There were two questions asked yesterday with respect to the human resources increase of 27.5 person-years. That is the net increase in the ministry's human resources. A third of that increase is attributed to client services that the ministry provides to the Ministry of Skills Development and Cabinet Office.

Just less than a third is an increase in our student hiring, both for summer students and for co-ops. The rest is for two task forces. One is the Task Force on the Investment of Public Sector

Pension Funds. Most of that staff was seconded. That task force is now in its final stages, and the staff has been reassigned. There is only one member of staff left from that. The other was for an internal systems project.

Mr. Harris: That is for 27?

Ms. Cohen: That is the 27.5 you referred to. I also note that you remarked about the 12 on page 18. This refers to a branch which was disbanded, with the staff and their responsibilities being reabsorbed throughout the ministry.

Mr. Harris: I guess the point I was making was that the actual increase would then be 39.

Ms. Cohen: No, the net increase is 27.

Mr. Harris: I have to find out where those figures are.

Ms. Cohen: They are on page 18. You were referring to point (c).

Mr. Harris: Right; so they came off of that.

Ms. Cohen: But they were reallocated through the ministry. We are not talking about net new.

Mr. Harris: It is like having a \$5 million shortfall in one, putting it in somewhere else and taking that to Management Board. You had 12 people no longer needed there, so you found something else that you had to have 12 people for.

Ms. Cohen: Their duties, as well, were reassigned. The duties of that unit, the pension and income support unit, were reassigned within the ministry, and the people were reassigned with them.

Mr. Harris: That is fine, but what you are telling me is if pension and income support policy had carried on and you still needed them there, then you would have had to hire 12 more people; or did you just say, "Look, we do not want to let these 12 go; find something for them to do"?

Mr. Edwards: The responsibilities were transferred as well.

Mr. Harris: Responsibilities for what?

Mr. Edwards: For the pension and income support policy. They were transferred to another branch.

Mr. Harris: Oh; so where are they now?

Mr. Edwards: They are spread out. Primarily they went into the intergovernmental finance policy branch. There were some other movements within the ministry. Actually, there are three reorganizations within the ministry and that is why you get those numbers.

Mr. Harris: So where did they go?

Mr. Edwards: They went into fiscal tax policy, some into intergovernmental finance policy and there were other transfers out of intergovernmental finance policy down to macroeconomic policy.

Mr. Harris: Maybe you could just show me on the numbers. Let us take a look. So they went to intergovernmental finance policy, which in 1987 stood at 26 and in 1986 at 25. So one went there. Is that right?

Mr. Edwards: No, sir. More than one went in there, but out of intergovernmental finance certain other functions were transferred out to other branches.

Mr. Laughren: You are never going to get it Interjections.

Mr. Harris: Let me briefly ask, what were the other two areas they went to?

Mr. Edwards: They went into Treasury division, financial information and accounting policy branch.

Mr. Harris: It is up by four. Would they be the four who went there? Four and a half, I guess.

Mr. Edwards: About six of them went to intergovernmental finance as well.

Mr. Keyes: May I just ask a question? Is it possible that some of them are in the large number of 28 in the macroeconomic policy group?

Mr. Edwards: Yes, there are some who were transferred there as well. They are all buried in there. We do not have a complete list.

Mr. Harris: I know they are all buried.

Mr. Keyes: But they are alive.

Mr. Harris: What you are telling me is that they are working in those areas that you put them into on pension and income support policy in those areas. Is that what you are telling us?

Mr. Edwards: Yes, sir.

Mr. Laughren: Do you have an internal reorganization branch?

Ms. Mogford: If I could just add a point, I think there are a number of duties that are assigned to those staff across the various functions. It is part of the global reorganization, reassignment and realignment of responsibilities at the staff level.

I might also point out that the 27.5, to go back to that figure, is now netted out at a lower rate, a lower level, because, as Ms. Cohen mentioned, the Task Force on the Investment of Public Sector Pension Funds is being disbanded.

The last point that was raised yesterday on which we have some information to share is going to come from Dr. Purchase again.

Dr. Purchase: Mr. Laughren asked about Hydro incentive rates, and I believe the Treasurer responded by saying that there was an incentive structure for thermomechanical pulping. He asked me afterwards. He said, "There is something else," but he could not recall exactly what it was. He had heard the president of Hydro, Mr. Franklin, recounting that Hydro did in fact have an incentive program for certain types of activities in the north. It turns out—I spoke to Mr. Franklin—that the thermomechanical pulping incentive structure is really an attempt to—Hydro knew that the industry was going to go to that technology some time in the 1990s.

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Ontario Hydro also currently has excess capacity, but in the 1990s, when this technology might have normally come on stream, Hydro is not expecting to have excess capacity and would have to charge full cost of it to the users. So the argument is that there was an attempt to encourage the companies to bring on thermomechanical pulping now and therefore offer an incentive structure, which starts at a discount rate of 40 per cent on July 1, 1989, and declines over a five-year period, so that it is really an attempt to move Hydro's load forward in time, essentially.

Now that program, in principle, is available to anyone with any kind of technology if he meets those same conditions of Hydro's program in this regard. If it is a similar type of program where people are going to get into a kind of technology somewhere in the 1990s that involves a large use of electricity but they would be willing to introduce it now, Hydro would be willing to give them a similar kind of incentive structure.

That is my information. I just wanted to add that and, I hope, not take too many more questions.

Mr. Laughren: Mr. Chairman, may I have a supplementary to Dr. Purchase on that? He is quite right that there was another element to what I was trying to get at. What I was trying to get at was to what extent the Treasurer or the Treasury would support the subsidized hydro rates as an economic development tool, not just for high technology but as a lure to anybody, for any groups in northern Ontario. This program that you are talking about, I gather, is tied to high technology that uses more hydro, or at least technology that uses more hydro.

Dr. Purchase: Yes. Basically, I would see this program as an attempt to accelerate the use of

new technologies. You could argue that it is also, by its focus nature, an attempt to bring forward new investments, so that it does attract new investments. I might add, as an aside, that a general subsidy would give an incentive whether you did anything or not. This says that you can have the subsidy if you in fact are putting in this new technology, so it does have some differential effects to a general subsidized rate.

On the general policy question, I can only defer to the Treasurer.

Mr. Polsinelli: Mr. Chairman, you will recall that yesterday the Treasurer made a commitment to table some information regarding the Stadium Corp. of Ontario Ltd. I would like to do that now on his behalf. Perhaps you could have these distributed. We also have some officials here who would be able to answer some questions regarding the stadium corporation if committee members so desire.

Mr. Laughren: On a point of order, Mr. Chairman: I appreciate the guided democracy that is unfolding before our eyes, but there were still some other questions that some of us wanted to ask.

Mr. Cureatz: You guys used to get along with them. I do not understand it.

Mr. Polsinelli: You are welcome to do that. This is just additional, Mr. Laughren.

Mr. Laughren: All right.

Mr. Polsinelli: I just felt it would be an opportune moment to give you some additional information.

Mr. Laughren: If I might, Mr. Chairman. Mr. Harris, are you—

Mr. Harris: I am previously occupied. I am getting ready for the legal end of it. You go ahead.

Mr. Laughren: So I can go ahead and ask a question. All right.

I wanted to ask a question that I was attempting to ask earlier, but it was not the appropriate time. It had to do with the government's reaction to the federal sales tax reform. We just flirted with it a bit there. I was wondering about whether or not the ministry has a position—

Mr. Chairman: We have Mr. Leonard here, okay?

Mr. Laughren: Mr. Leonard, right?

Mr. Leonard: Right.

Mr. Laughren: Okay. Let me be a little more specific. I know that the province has responded to what they have said and I have the Treasurer's response to the federal announcement. There

were a couple of things that bothered me about it, and one of them was the whole question of sales tax on food and to what extent the Treasurer has announced any intentions in that regard.

Mr. Leonard: The Treasurer was reported widely in the press to be of the view that he did not think that the application of sales tax to food was likely to come to pass. It was in the Canadian Press wire service story of November 19.

Mr. Laughren: Okay. At the same time—and I am not going to ask you policy questions, which would be unfair, despite your elevated level within the Treasury—but it had to do with policy and to what extent there has been a policy statement about the province's position on a sales tax on food. Has there been a statement that declares boldly and loudly that this province will not tolerate a sales tax on food, and to what extent is there not? One reason that the Progressive Conservative critic and I agreed amiably to have the Treasurer go elsewhere this afternoon and allow these estimates to continue was the anticipation that we could get some policy answers this afternoon.

Mr. Polsinelli: That is a very interesting question that you raise, and I think it would be presumptuous on the part of the Treasurer at this point—while he has indicated, I believe, his personal displeasure—to comment on those items in the multistage sales tax reforms until Mr. Wilson brings them forward. Those are at stage two of the proposals. We have no time frames and we really have no parameters from the federal government with respect to that second stage of the proposals.

Mr. Laughren: Okay. Without putting words in anybody's mouth, then, at this point there has been no declared opposition to the principle of a sales tax on food. Am I right?

Mr. Polsinelli: I would have to go from memory, and my memory is that I think I have heard the Treasurer indicate his personal displeasure, but I could be wrong with respect to that.

Mr. Laughren: There is no wire story on that that you can recall?

Mr. Leonard: No, sir.

Mr. Laughren: I see. Are there any documents available within the ministry that talk about or discuss the question of sales tax on food?

Mr. Leonard: We spent a great deal of time with federal officials working around the issue of the national sales tax all together, and while it certainly attracts a lot of attention in Mr. Wilson's white paper, it is probably the most ill-defined part of it.

Mr. Laughren: The most what?

Mr. Leonard: Ill-defined. There are lots of broad statements: "It shall be a broad-based tax with a low rate" and so on and so forth, and not on exports and not on business inputs and so on. When one begins to dig into this thing, the questions surrounding what a broad base means, which raise the issue of the application of the tax to food—

Mr. Laughren: Which the Treasurer supports, by the way: the broader tax base, according to his statement. That is why I am so nervous.

Mr. Leonard: Yes, he has supported that in his statements. I do not want to sort of flit around this too badly.

Mr. Laughren: Why should you be different?

Mr. Leonard: I suppose it is a question of how one interprets a broad base. The existing manufacturers' sales tax applies to about 34 per cent of the economy, so any move up from 34 is a broader base. I think that the federal government originally envisaged going virtually to 100. At the staff level, they are not giving me any indication which way they will go ultimately on the question of food.

In fact, we have not talked about that very much, because of the obvious fact that it is perhaps more contentious than a bunch of bureaucrats can sort out in a meeting room in Ottawa. Our principal examinations so far have dealt with things like freight and passenger air travel, and we are beginning to explore the edges of municipalities, school boards and hospitals. But we have not, as a bunch of officials, talked about food.

Mr. Laughren: Could I ask you, then: I assume that on that statement by the Treasurer of June 22, in the appendix to it, there is personal income tax, there is corporate income tax, there is the established programs financing; we have the net, but there is no mention in there of sales tax at all, right?

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Mr. Leonard: No.

Mr. Laughren: Do you have any projections at all? I guess what we are trying to get at is, has the Treasury wrestled with the question or dealt with the question of the potential of a national sales tax?

Mr. Leonard: We are in the midst of doing that right now.

Mr. Laughren: Do you have anything—and it seems to me, I mean, obviously, you would not

want your thoughts tabled; I know I certainly would not want mine—but are there any documents that are available that the committee could look at that deal with the question of sales tax vis-à-vis the province, because it could have an enormous impact on the provincial Treasury?

Mr. Leonard: Yes, and I think the Treasurer indicated that in his November 18 statement. We have documents and fragments all over. I could undertake to give the committee a summary of what has happened and where we are.

Mr. Laughren: Vis-à-vis sales tax?

Mr. Leonard: Vis-à-vis sales tax.

Mr. Laughren: Including any on food?

Mr. Leonard: To the extent there is anything.

Mr. Polsinelli: I believe the chairman has the statement made by the Treasurer, or notes prepared for his statement to the federal-provincial meeting of ministers of finance and treasurers on November 5. In that document you will find some reference to the national sales tax and some concern with respect to those items that Mr. Laughren raised today.

I would suggest that the primary concern over the possible tax on food would be an appropriate question that Mr. Laughren can ask the Treasurer directly.

Mr. Laughren: Where? When?

Mr. Polsinelli: Ask him directly, through question period.

Mr. Laughren: What are we here for?

Mr. Polsinelli: I am giving you my response, Mr. Laughren.

Mr. Harris: What you are saying is that you do not know. If the Treasurer were here, we could ask him now and get the information; but he is not here, so we cannot.

Mr. Polsinelli: I am saying that if that is the one particular item you have a concern about, I do not think we have any parameters; we do not have anything that has come down from the federal government with respect to the base of the national sales tax, and I know that it is definitely a concern that the Treasurer has. If you want something more definite than that, it would be an appropriate item for you to raise directly with the Treasurer, perhaps through question period.

Mr. Harris: Can I ask a couple of questions on the same thing? I had asked, I guess, if you could provide members of the committee with copies of any submissions made by the government of Ontario to the federal government on the whole matter. Is that what you were going to table with it? Have you made any submissions?

Mr. Leonard: We have not, other than the Treasurer's public statements—

Mr. Harris: That is it?

Mr. Leonard: —made any written submissions to the Department of Finance as this process has evolved over the last 15 months. It is a series of consultations which did lead up to the white paper in June, and it has continued to operate that way. We have not made submissions to Finance at the staff level.

Mr. Harris: Do you know whether the Treasurer has made submissions at the ministerial level? Are you saying there may have been but you are not sure?

Mr. Leonard: No, the statement, or his notes for his discussions, was what he gave to the federal Minister of Finance on November 5, I think.

Mr. Harris: Yes, okay. The other thing I had asked was if you could clarify for the committee what type of federal sales tax reform this government would support. I presume you would say at this time that that is too premature.

Mr. Leonard: I would. I think the indication has been that we all agree among the staff that there are some serious problems with the existing manufacturers' sales tax that need to be rectified.

Now, that has been frankly making the rounds for 25 years. Progress has been pretty slow. The federal proposal is a possible one. They are obviously also interested in the tax from its revenue-generating capability. To the extent that it impacts on a larger proportion of the economy than the existing one, it does offer that flexibility.

Mr. Harris: I wonder if I could add that I had asked yesterday about the international banking centres, about proposed tax concessions that the Treasurer said he was considering there. I do not know whether I am asking the correct person the question or whether you are ready to give that yet.

Mr. Polsinelli: Mr. Chairman, I would suggest that that may be an appropriate item to discuss with the Treasurer when he is wearing his hat as Minister of Financial Institutions.

Mr. Harris: Yes, it would be appropriate there, but it is appropriate here because you are also talking about tax changes. I guess what I am concerned about is—and I might as well tell you what I suspect—that it is a political reaction based on no sound knowledge or basis. Until I see there have been some studies or analysis done, or some evidence of that, I have to assume the Ontario government's response to this whole matter is one that is based on, "Well, it sounds as if you are

taking something away from Toronto, so we will politically say we are doing something.”

I guess I am trying to ascertain if, in fact, anybody in Treasury has done any analysis of the tax impact on Ontario, if they have done any analysis on what it would cost Ontario to bring in parallel tax changes on only Ontario's tax system to make Toronto “equal” with Montreal and Vancouver, and what benefit we may get out of that.

Surely, that is information you would expect the government to be studying if it wants to make an intelligent response, if it wants to make a political response; and you do not have the information. That is what I suspect and I understand that one, too, but I am trying to ascertain if there is any factual basis on which these statements are being made, as well. I think that would come from Treasury if it is available anywhere. Would that be a fair assumption?

Mr. Polsinelli: I think it would be a combination: Treasury and the Ministry of Financial Institutions.

Mr. Harris, if you are referring to any possible inclusions in the budget and you have any concerns about that, you are well aware that the standing committee on finance and economic affairs has established a process of advising the Treasurer with respect to budget items. So if those are your concerns, there is an appropriate vehicle to express them.

Mr. Harris: My concerns are that if somebody does not tell me that, (a) “I have it but you can't have it,” or (b) “Here it is,” then I assume it has not been done and it is a total emotional, political response with no sound basis. So if you cannot give me one of those two answers, that is what I assume.

Mr. Polsinelli: I would suggest, Mr. Harris, that the government is well aware of the actions it has taken in this regard, and if you have concerns, as I said earlier, about budget items, that there is an appropriate mechanism to feed into the budget process that has been established under this government.

Mr. Harris: So there has been no study done on any of it?

Mr. Polsinelli: That is not what I said.

Mr. Chairman: Are there any further items?

Ms. Mogford: Mr. Chairman, we have no further answers to questions, but of course we have all the staff here ready to deal with any further questions.

Mr. Laughren: I wanted to ask a couple of questions about regional development. I know

this is getting into a little grey area, because the development corporations do not come under the Treasury; they come under the Ministry of Industry, Trade and Technology, right? But they are a tool of regional economic development policy for the province. I would assume it is viewed that way by the Treasurer. I do not know where the line is in expecting some kind of response from Treasury, but I will try. If you feel it is inappropriate here, then say so, and I will be unhappy.

I understand the loans that are given out are given out for one of three purposes: export, tourism or industry. I think that is what it is; there are three kinds of assistance. As I assume Treasury regards them as regional development tools, I am concerned at what I see happening with the loans and loan guarantees. While I did not have time to do what I would call a “consultant” kind of analysis of the development corporation's activities, it did seem to me there was an incredible proportion of northern Ontario assistance going to tourism as opposed to industry or export, the other two elements.

I assume I am right on those three elements for the development corporation: industry, export and tourism. I do not know how you always separate industry and export, but nevertheless, I think that is how they break it down.

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If we just look at industry for a moment, which I would assume to be manufacturing kinds of enterprises, for the Ontario Development Corp., which is the central part of Ontario, versus the eastern and the northern parts, 45 per cent of the loans go to industry and 41 per cent go for export.

For the north, 37 per cent goes for industry and 0.6 per cent for export, which generally speaking would be manufacturing-oriented as well. For the east, it is 54 per cent for industry, 3.7 per cent for export and 42 per cent for tourism.

My point is that there is a bias in the development corporations in seeing northern Ontario as a tourism area as opposed to an industrial area where we try to build the economic base. That is a question of economic policy by the government. I am not dumping on the development corporations, because they handle what comes at them, I presume. I wonder whether or not Treasury has a view on that.

Dr. Purchase: That is an interesting analysis. I will have to take a look at that and see what we come up with, but I do not for a second really doubt that what you have there is an accurate picture.

Again, I think you answered the question, in a sense. My impression is that it is driven by the businesses that come forward asking for loans. So where there are more businesses in operation, as there are, obviously, in central Ontario, you get a wider range of requests for loans.

To some extent, what you are seeing really is a reflection of the problem we have in the north. Everyone would have to agree with you that because there is a much narrower industrial base, the options for diversification are much less, in a sense. Tourism has traditionally been, in my estimation, one of the areas where the barriers to entry are relatively low for some types of tourist operations, so in a sense it is the easiest one for a loan program to overcome.

Typically, the most important barrier is money and access to capital, whereas in other types of businesses it may be a question of access to technology or whether you have the skills in terms of export. There is a whole range of complex things, not necessarily things that cannot be addressed, if you have enough money, but you do have to have a lot of money and you even have to have a knowledge of the problems that exist.

Tourism in general, if you are talking about small-scale tourism, just does not have that problem. People can get into it and know how to operate. I think what you are pointing out is, in a sense, a reflection of our underlying problem.

Mr. Laughren: What somebody could have told me is that I provided you with a penetrating glimpse into the self-evident.

Dr. Purchase: You put it more succinctly than I can.

Mr. Laughren: My point, I guess, is that we want to turn that around and use those development corporations as a tool, not just to reinforce the status quo.

Dr. Purchase: I understand. I believe there are constant discussions, both within the Ministry of Industry, Trade and Technology and elsewhere in the government, as to how you can achieve industrial diversification, because it is such a widely accepted goal by the government and by the people of the north as well.

Mr. Laughren: Let me tell you, if you ever do launch that kind of program, if you seriously do that, you will have a lot of support.

I want to read you something and then you can guess, perhaps, who said it. This was an examination a couple of years ago into the development corporations—the Ontario Development Corp., the Eastern Ontario Development

Corp. and the Northern Ontario Development Corp.:

"The only reasonable conclusion which can be drawn from the accumulated evidence is that regional development has been abandoned as a major objective of the development corporations. Despite the statements issued annually by the Ministry of Industry and Trade and the corporations themselves, the analysis shows clearly that the corporations have abandoned the east and cut in half the proportional assistance to the north. Whether by design or by creeping centralization, the original concept of the corporations as agents of regional development and diversification has gone by the wayside."

I would love to let you guess who said that.

Dr. Purchase: I am sure you would, but I will refrain from guessing. I think you will tell me, but I think I know.

Mr. Laughren: I almost feel obligated to tell you. That came from the incomparable Liberal research department. You thought it was going to be a direct quote from the Treasurer, did you not? You do not have to answer that question.

Anyway, my whole point is that I hope there is an attempt to see development corporations as not just reinforcing what is there. I know that is not easy. Nobody who is from the north should pretend it is, and I do not think we do.

I witnessed the attempts of Sudbury 2001 to diversify a community during tough times, and I want to tell you it was an extremely painful process for all of us. The province kicked in about \$600,000 to that process, just in one community to help us rebuild, but it did not work.

Interjection: Especially for the goats.

Mr. Laughren: That was part of it, yes. Not sheep. Sheep are much more reliable than goats, in my experience anyway.

Anyway, I got off my favourite topic.

Dr. Purchase: If I may, I believe the Ministry of Industry, Trade and Technology is undertaking a major review of the ODCs.

Mr. Laughren: I think they had better put a policy through.

Interjection.

Dr. Purchase: It is just in answer to your question.

Mr. Laughren: I did not go into the size of the loans either, because there is a similarity there between the size of the ones in the north and the east versus the centre. Once again, that is—

Dr. Purchase: Yes. If I may, in general this question of diversification—it is a very important

goal. It is one of the goals that I think is widely held as a public policy objective. Actually, in formal economics, believe it or not, you do not find much about diversification. Part of the problem is that many of our policies do tend to actually encourage more of the same activity, as opposed to diversification.

Mr. Laughren: Maybe at a more appropriate time I will give you my favourite definitions of "economist," but I do not think this is the time.

Dr. Purchase: I believe you have already told me some, sir.

Mr. Laughren: I have a new one, though.

Dr. Purchase: I am used to it by now, believe me.

Mr. Laughren: Considering what people say about politicians, I think I have a right to make fun of economists.

Could I ask a couple of questions about tax reform, Mr. Chairman?

Mr. Chairman: Yes.

Mr. Laughren: I cannot remember where I read this, but at some point I think the Treasurer expressed concern about taxation, the traditional middle-income family gaining the least from income tax reform. By that, for some reason I think he meant a married family, one head of household with children. He said the traditional middle-income family, as he put it, would gain the least in personal income tax.

The last number I saw, that is about 15 per cent of families now in this country. I hope the Treasurer is not caught in a time warp when he is thinking about tax reform and families. I wanted to express my concern about that and that he looks at the demographics in this province when it comes to tax reform. Has the Treasury done some work on that?

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Mr. Leonard: Yes, we have, indeed as has virtually everybody who is commenting on the tax reform exercise. Looking at the numbers out of the white paper, it really does not matter what kind of theoretical family is put together as long as it is a family. It can have two income earners and three children or any combination.

It is true that, based on the original proposals, the so-called middle-income classical statistical family gains the least from personal income tax reform. I do not know how we construct all kinds of models in this business. I cannot tell with any degree of certainty what Mr. Wilson's response is going to be to the various groups. Certainly every province raised it both at the staff and the ministerial level. The Blenkarn committee raised

it. The National Anti-Poverty Organization raised it. The Social Planning Council has raised it.

We have no firm indication what the Ministry of Finance's response is going to be. If I can offer an opinion, I suspect that some adjustment will be made from the original white paper proposals. I do not know exactly what. Mr. Wilson has virtually every combination of things open to him. To the extent that he must forgo more revenue, then, obviously, if he sticks to his original plan, he will have to make some changes somewhere else. I am given to understand that Finance is looking at it.

But to get back to your question, there is no argument that you are correct.

Mr. Sweeting: To put it into context, the reference that the Treasurer made was, when he provided Mr. Wilson with his comments on November 5, he brought a number of what he called concerns to the attention of the federal minister that were areas where he was hearing people say, "We have a problem with these changes." He essentially took those to Mr. Wilson and said: "I am hearing this. What do you have to say about it?" That kind of thing. So that would be the context.

I would not put a lot of emphasis on the traditional, if indeed that was the correct quote, because it is really the treatment of children. The relative tax relief for children under reform is less generous than was the case previously.

Mr. Laughren: I am concerned. This whole tax reform package is bothering me at the federal level because I am not happy with the way the province has been silent. Relatively silent. I will not go back and rehash the food thing again, but I hope the Treasury can start tabling and presenting the committee with information on its position papers that are going to the federal government. First, we have every right to that information, and second, in many cases we may agree and can be supportive of the position that the Treasurer is taking.

Like free trade. We are all friends—well, most of us—in opposition to free trade. There are many aspects of tax reform that I suspect we could agree on too, if the Treasurer really is a Liberal. I do not expect you to answer that one.

I have a short question on insurance and financial institutions in the insurance industry.

Mr. Chairman: Do not use the word "short."

Mr. Laughren: I will ignore the chairman.

I am worried about the taxation of the insurance industry. Not that I think you are going to be savage with them or that Mike Wilson will

be savage with the insurance industry, but I am worried that any kind of tax reform that will surface will still have them paying at a lower rate than a lot of the private sector out there in corporation income tax. Has the Treasury made any kind of presentation on that?

Mr. Sweeting: I cannot recall offhand what the numbers would be, but you are quite right in the sense that even when reform is finished, there are sectors of the economy that pay less tax than other sectors. Reform, in its intention to reduce the number of circumstances where no or little tax is paid, certainly was not comprehensive. There still are, according to the white paper proposals, situations where no or little tax will be paid.

With respect to insurance, I think the tax load does go up significantly. Whether it goes up enough to put it in the ball park with other types of sectors like the manufacturing sector or the service sector, I cannot recall offhand. Certainly, if we had our hands on the white paper, I believe it has some indication in it that insurance and the financial sector as a whole is somewhat less taxed.

Mr. Laughren: All I was trying to get at, and then I will stop and let Mr. Harris have a go, was that the Treasurer might be expressing too much concern over increased taxation of the insurance and financial industries. I do not know, maybe the Treasurer has a good friend from London or something, but I just do not want him to start carrying too bright a torch for the insurance industry, which has traditionally not paid its fair share.

Mr. Harris: More time for me? We only have a few minutes. I realize the Treasurer will not be here today, but I still request that, on the international banking centres, he at least respond to the question of whether the government has done or commissioned any studies of the impact. All I need to know is yes or no, we have or we have not. I do not think that is an unreasonable question and if the answer is, "Yes, we have done studies and no, you cannot see them," at least that is an answer and I would leave that with the parliamentary assistant to take to the Treasurer.

I had not expected to have any more time, actually. There were a couple of things. This is very appropriate to the parliamentary assistant: perhaps he could indicate why in the 1987-88 estimates, even though it is statutory, there is nothing in there for the parliamentary assistant's salary.

Mr. Polsinelli: I do not know, quite frankly.

Mr. Harris: Was there no parliamentary assistant at the time the estimates were prepared?

Mr. Polsinelli: There may not have been. I was not the parliamentary assistant at that time.

Mr. Harris: The Premier tricked you and appointed one midstream, is that it? It threw the whole budget out of whack.

Where does the \$150 million a year come up? It is in vote 3704, the technology fund. The 1986-87 estimates were \$100 million. What were the actual expenditures that year? Do we know where we are at there?

Dr. Purchase: The technology fund cash flow for 1986-87 was \$1.65 million.

Mr. Harris: So \$98.3 million was not spent?

Dr. Purchase: That is correct.

Mr. Harris: That would be to the end of fiscal 1987?

Dr. Purchase: Yes, that was for fiscal 1986-87.

Mr. Harris: OK. Now you have budgeted another \$100 million.

Dr. Purchase: That is right.

Mr. Harris: Where are we at in 1987-88?

Dr. Purchase: Right now our estimates on cash flow for 1987-88 are for the centres of excellence, \$17.5 million; the university research incentive fund, \$8 million; centres of entrepreneurship, \$0.2 million; technology projects \$10 million. The total of that is \$35.7 million. That is where we think we are right now.

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Again, these are still just estimates. There are all kinds of legal contracts that have to be signed. Our experience under this program, as under all programs, is that there are often legal delays that we had no idea might arise. If there is funding from another source, sometimes the funding you think is there is suddenly not there when you finally get to signing on the dotted lines. This accounts for the delays in funding.

Currently, our estimates are that we will obviously underspend again this year. For the subsequent years, however, because the programs would then finally be really up and running—at the centres of excellence, for example, the screening and the selection is quite a rigorous process. As the Treasurer has said many times in the Legislature, there was a very time-consuming process of selection and screening, so the underspending so far reflects that.

Mr. Harris: May I ask you why—

Mr. Chairman: Excuse me, there is just one more answer to a question that you asked. In the

light of our time situation, I wonder if you want to hear that or do you want to ask another question of Dr. Purchase?

Mr. Harris: This is neat stuff here, but I will try to speed it up. May I ask you why in 1986-87 you estimated \$100 million, when you clearly knew you would not come anywhere close to spending that amount of money?

Dr. Purchase: It is like this in every program, really, when you announce a new program. In a sense, they are notional. You are really defining the parameters. You are willing to spend that much money so that the Treasury knows how much money, in principle, is available.

The reality is that in any brand-new program you might not spend that much, although we have seen programs that were exceptionally generous or that went very quickly, so the take-up was really very substantial.

Mr. Harris: Clearly, you knew you would not spend \$100 million in that fiscal year.

Dr. Purchase: Frankly, I cannot recall exactly the discussions, obviously, that took place around that. Just based on my experience of all previous such discussions, we would probably know in the Treasury—and again I am sure my colleague from the office of the budget and intergovernmental finance can answer this question better than I—that typically such a program would not spend all that money, but again it is important notionally to put it there so that we can budget. You cannot budget unless you know how much you are ultimately willing to pay.

The other thing about this is that one of the things we did not know in that technology fund was the screening process by which, for example, the centres of excellence were going to be established. We had no idea how rigorous that process was going to be, so we would have been just guessing, frankly, what that process would be. I do not think there is any sense in which we, in our wildest imagination, would have guessed how long it took, in fact, to screen all the projects and get final approval.

Mr. Harris: When the announcement was made, it was \$1 billion on high tech.

Dr. Purchase: Yes.

Mr. Harris: Are you operating under the assumption that \$1 billion will be made available to this program over 10 years, starting in 1986-87? In other words, are you operating under the assumption that the \$98.3 million that was not spent in 1986-87 and the \$65 million not spent this year are still going to that program?

Dr. Purchase: I cannot answer that question. Perhaps my colleague could or maybe ultimately the Treasurer could, since it deals with, in essence, a policy decision with respect to the money.

Mr. Harris: The Premier announced it was \$100 million a year, so clearly for you to put anything else in the estimates—how could the Premier say you were going to have \$100 million and yet you estimate only—

Mr. Gourley: The Treasurer reaffirmed the commitment.

Mr. Harris: Is that not why it is there? I am not saying that is wrong. That is what I would I do if I were you, but clearly—

Mr. Gourley: As you indicated, that was the level of commitment and the \$1-billion total is the commitment. That takes into account under-spending in any one year. The total commitment is for \$1 billion and that will be spent.

Mr. Harris: Over 10 years?

Mr. Gourley: Yes.

Mr. Harris: That is interesting, because you are saying that will be spent whether it is warranted or justified. Do you predict now there are going to be worthwhile projects eight years from now, to say it will be spent?

Mr. Gourley: At the risk of quoting the Treasurer incorrectly, he said that the commitment to spend the \$1 billion is intact and that, furthermore, he wanted to assure the members in the Legislature that the money would be spent carefully and with due regard to appropriate consultation and review.

Bryne spoke to the review process that was put in place, but essentially the Treasurer has said on a number of occasions that the \$1-billion commitment remains intact and whether or not a project that comes forward eight years from now will be warranted or needed will have to be decided at that point in time.

I think the \$1 billion is to indicate the level of commitment that the government has made to technological development. When one looks at the need out there and the level of so-called high-tech spending, I think one has to say that is a significant commitment on the one hand and yet there is a much greater need out there for this kind of spending.

Mr. Harris: When I talked about sunset provisions, the indication was, "That goes on every year." So your assumption would be that you do not see any review of this in a meaningful way, or sunset provisions, as I call them, until 10 years or \$1 billion has been used up?

Mr. Gourley: I would say that the projects themselves get one of the most complete technical and financial reviews of any projects in any government program. They are scrutinized from a scientific point of view, from a technical point of view, from a financial point of view. There is an incredible review process which those projects must go through, and in a sense that represents a preprogram review. There is no sunset provision in it, but that kind of pre-audit or pre-approval process ensures that the programs that do get through will be thoroughly screened.

Mr. Harris: You have \$65 million of your in-year savings right here anyway. That much we do know.

Mr. Gourley: At the moment that is where it stands. However, if another project comes along which meets the criteria and is approved, that money is there. The \$100 million is there to be spent this year.

Mr. Harris: OK. How many staff are responsible for staffing that?

Dr. Purchase: Treasury staff or total staff?

Mr. Harris: Treasury and total staff.

Dr. Purchase: The total staff I am not certain of—I would have to check that—because there is an operation within the Ministry of Industry, Trade and Technology which is a kind of secretariat, effectively, to the technology fund. Within the Treasury we have a committee of perhaps five people, as I recall, from various parts of the Treasury and chaired by someone in my division.

Mr. Harris: That would not be their only job?

Dr. Purchase: Oh no. That is like 0.1 per cent of their time. There is a lot to do.

Mr. Harris: Do your staff keep track of the time they spend on things, the way an auditor would bill out his time?

Dr. Purchase: No. Actually, our experience on that is that it almost impossible to do that. For example, in the office of economic—

Mr. Chairman: Excuse me, Dr. Purchase. I do not want to interrupt the questioning, but I think we had better proceed. It is my understanding we were to take a vote. We have an answer to another question, but perhaps that can be given to you afterwards.

Mr. Harris: But you do not do that.

Dr. Purchase: No, we do not do that, again because the issues are just so incredibly diverse. It may range from gasoline pricing in the north to the economic impact of tax reform to competition policy to free trade to whatever.

Mr. Chairman: Thank you, Dr. Purchase. If it is all right, we will vote very quickly.

Votes 3701 to 3704, inclusive, agreed to.

Mr. Chairman: This completes consideration of the estimates of the Ministry of Treasury and Economics.

We will have our regular meeting on Monday after routine proceedings. We stand adjourned.

The committee adjourned at 5:41 p.m.

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Tuesday, December 8, 1987

Adjournment J-53

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Chairman: Callahan, Robert V. (Brampton South L)**Vice-Chairman:** Hart, Christine E. (York East L)

Chiarelli, Robert (Ottawa West L)

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Kanter, Ron (St. Andrew-St. Patrick L)

Keyes, Kenneth A. (Kingston and The Islands L)

Poole, Dianne (Eglinton L)

Sola, John (Mississauga East L)

Sterling, Norman W. (Carleton PC)

Substitutions:

Harris, Michael D. (Nipissing PC) for Mr. Sterling

Laughren, Floyd (Nickel Belt NDP) for Mr. Farnan

Clerk: Mellor, Lynn**Witnesses:****From the Ministry of Treasury and Economics:**

Mogford, Mary, Deputy Treasurer and Deputy Minister of Economics

Watson, Robert, Acting Assistant Deputy Minister, Office of the Treasury

Purchase, Dr. Bryan B., Assistant Deputy Minister, Office of Economic Policy

Silk, Qaid, Assistant Director, Macroeconomic Policy Group, Office of Economic Policy

Gourley, Michael L., Assistant Deputy Minister, Office of the Budget and Intergovernmental Finance

Sweeting, Tom, Director, Taxation Policy Branch

Cohen, Sharon, Executive Director, Administration

Edwards, Cecil A. W., Senior Analyst, Management Services Branch

Leonard, L. P., Assistant Deputy Minister, Tax Reform Task Force



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Legislative Assembly of Ontario

Standing Committee on Administration of Justice
Estimates, Ministry of Energy

First Session, 34th Parliament
Monday, December 14, 1987



Speaker: Honourable Hugh A. Edighoffer
Clerk of the House: Claude L. DesRosiers

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Contents of the proceedings reported in this issue of Hansard appears at the back, together with a list of the members of the committee and other members and witnesses taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Monday, December 14, 1987

The committee met at 3:28 p.m. in room 228.

After other business:

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ESTIMATES, MINISTRY OF ENERGY

Mr. Chairman: Next are the estimates of the Ministry of Energy, vote 1301. I understand we have an opening statement, which will be read with concurrence by the deputy minister as the minister himself is not feeling quite up to snuff. Perhaps the deputy minister can come forward.

Perhaps I could inquire of the critics whether, after the deputy minister reads the opening statement and replies to the critics' responses, we would need the minister today. If things go the way they did in the previous estimates, it was about an hour or so for the minister's opening statement and about an hour or so for each of the critics. We may very well be very close to the end of the day and, in view of his condition, members might be disposed to allow the minister to absent himself today and come back tomorrow. Is that agreed?

Mr. Runciman: Can we have a recorded vote?

Mr. Chairman: You can go home, Minister. Thank you very much for coming.

Hon. Mr. Wong: Thank you, Mr. Chairman.

Mr. Chairman: Just do not cough in this direction.

Hon. Mr. Wong: I think it is over with, but I am so weak. I just wanted to let all the members of the committee know that I genuinely do want to participate in the process. We know you want to ask me questions and the best way for you to understand how I think, is to get the answers out of me as opposed to the people who are around me. Anyway, hopefully, another 24 hours will make me a little bit stronger and ready to come back and complete the process.

Thank you very much, Mr. Chairman, critics and members of the committee. I will go home and get some rest.

Mr. Chairman: Thank you, Minister. You can go home, recharge your batteries and come back with more energy tomorrow.

Hon. Mr. Wong: Thank you.

Mr. Chairman: Perhaps the deputy minister would like to proceed. I might add that at about 4:45 p.m. I will be absenting myself from the chair. The vice-chairman will take over, so I can attend the Board of Internal Economy on the question of the budget.

Mr. Crosbie: I welcome this chance to appear before this committee so early in my term as Energy minister. As a new minister, I can take a fresh approach to the issues.

One thing I grasped from day one is that there is a lot of information an Energy minister has to digest. This information comes from a number of perspectives, including those of the Ontario Energy Board and the previous select committee. Upcoming reports include the Ontario Nuclear Safety Review and Ontario Hydro's Demand Supply Planning Strategy.

I know there is a lot to learn. I have made a conscious decision to treat the first months of my term as an information-gathering stage. I want to get some handle on the total energy picture from all points of view. Let me say I appreciate the opportunity to listen to the opposition critics' statements today as part of that information-gathering stage.

The energy issues that face Ontario are intricate. They are best approached with an open mind. There are some assumptions I bring to this portfolio, and I have reached some initial conclusions. These are worth establishing at the outset.

I believe any effective energy policy must emerge from the partnership of the people and their elected representatives. This partnership exists on many levels. It exists between government and industry, government and institutions and government and individuals.

I believe a safe environment is one of the legacies that the people of Ontario wish to pass on to their children, and I believe that an energy policy that disregards the precious nature of that legacy is dangerously short-sighted.

I also believe the people of this province want us to encourage economic growth. Economic growth dictates the need for a reliable energy base, a base that will nourish new industries.

Let us talk about economic growth for a minute. It is a subject to which I can bring some of my own background. Our economy is

characterized by its connections with world markets and by the intensely competitive nature of foreign industries. These markets control the price of about 80 per cent of the energy we consume. This means industry's ability to use energy efficiently will be a major factor in determining Ontario's competitive position.

Since 1973, our trading competitors have significantly improved their energy efficiency; that is, they use less energy to produce the same level of industrial output. Japan has improved its efficiency by 48 per cent, Britain by 46 per cent and West Germany by 31 per cent. Ontario has improved its efficiency by 20 per cent, while the national average is only 13 per cent.

These days, any discussion about economic growth and international competitiveness tends to drift into the free trade debate. That subject, however, is already being treated by another committee. What I want to stress to this committee is that conservation and energy efficiency are critical factors in our competitiveness. It does not matter whether we are talking about trade with the United States or any other country.

When dealing with economic growth, I have said management of energy demand is an important factor in Ontario. On the supply side, I believe we need to examine the many options available to us. For these reasons, I will structure my remarks under Ontario's conventional energy supply sources. This means oil first, natural gas second and electricity last. This in itself will put the energy picture in some perspective.

I will also be dealing with upcoming legislative changes, our initiatives in federal-provincial relations and a number of other matters. However, I want to avoid the trap of imposing an artificial constraint on our thinking. Human ingenuity has lead us to new energy forms in the past and will continue to do so in the future.

1550

Last week, I attended the Energy Options conference in Montreal. This conference was sponsored by the federal government. I was impressed there, as on other occasions, by the amount of research into new forms of energy.

So, before we lock our thinking too much into the present, we should look to the frontiers of energy research and alternative energy development. The Ontario Ministry of Energy is fostering research to increase our sources of supply of energy, to increase our energy supplies and to decrease the rate of use of those supplies.

In 1985, the EnerSearch program was established to provide support for private sector

research and development projects, and technical demonstration activities. Participants are eligible to receive up to half a million dollars in funding. To date, 28 contracts have been awarded for a total of about \$3.3 million.

The program has been applied to electro-technologies, such as the use of plasma in metallurgy and waste destruction; microwaves and other radiant heat forms in industry; batteries, fuel cells and hydrogen-related research and development.

For example, we are supporting the development of a new plasma furnace, now being tested at the Port Colborne plant of Inco Ltd. This furnace has the potential to reduce significantly the cost of nickel production in Ontario. We are also working with the Ministry of the Environment and Resorption Canada Ltd. to develop a plasma furnace that can convert garbage into gaseous fuel.

Another important field of research is in alternative fuels. The Ministry of Energy has supported the production of synthetic fuels from biomass and ethanol from wood. We are also promoting the use of alternative fuels for transportation purposes, such as natural gas.

I will be talking about natural gas in a few minutes, but before I do, I want to point out some of our accomplishments in the field of alternative transportation fuels.

At St. Thomas, Ontario, we have helped to produce 20 cars which have the capacity to run on gasoline, ethanol or methanol in any proportion. These vehicles are being tested in Ontario, Alberta, New York state and California.

The ministry is playing a central role in transferring information and co-ordinating efforts between various jurisdictions. We have established close working relationships with the New York State Energy, Research and Development Authority and now have three jointly funded projects under way. We continue to exchange information and expertise with the California Energy Commission, particularly in the transportation sector.

In addition to alternative fuels research, the ministry is supporting the development of renewable energy technologies. Specifically, we are concentrating on wind energy and photovoltaics for remote areas. We are testing a 10-kilowatt photovoltaic/diesel system at Big Trout Lake and developing a 60-kilowatt wind/diesel system at Fort Severn.

In the field of remote power systems, the ministry, with the help of Ontario Hydro, is

focusing on developing innovative new systems. These will use thin film and fuel cell technology.

EnerSearch, alternative fuels and renewable technologies are all part of the energy picture of today. Their roles in the picture can be expected to take on greater importance in the future.

Turning back to the present, I am now going to deal with the major conventional sources of energy supply. Crude oil products remain the most used energy source in Ontario. They supply us with 39 per cent of the energy we consume.

As most of you know, the current surplus of world oil supply has pushed prices downward. However, energy analysts think that supply will be coming into balance with demand in the early 1990s. Oil prices are expected to rise, perhaps quite sharply, at that time.

Canada is expected to become increasingly dependent upon imported oil because our low-cost conventional reserves of light crude oil are being depleted. Since this ministry was established in 1973—the year the first major oil shock rocked the world—there has been an emphasis on both efficiently managing and decreasing Ontario's demand for oil. Ontario currently purchases almost all of its oil from outside the province. It could be importing from outside the country by 1992 according to the National Energy Board's supply and demand forecast.

Like the Alberta government, this government is concerned that new frontier and oil sands supplies are given the necessary encouragement to be developed today so that we have oil supplies on line in the future.

I would like to make the point that while Ontario has prospered with low oil prices, we are sympathetic to the effect those low prices have had on the producing provinces. Fortunately for all of Canada, these provinces are now enjoying some recovery with the recent upturn in prices.

Ontario has responded to the oil issues that confront the province in a variety of ways. We have encouraged oil companies to pass on benefits of lower crude oil prices to customers. We have advocated federal support for large new oil projects and adequate incentives for conventional supply. We have initiated a study of alternative oil pipeline routes to Ontario and we have supported the need to maintain flexibility on the Sarnia to Montreal pipeline.

Ontario has completed a contingency plan for the management of oil shortages. This plan provides a framework within which the Ontario government can quickly respond to and effectively manage an oil shortage, either independently or in support of the federal program.

Canada's membership and commitment to the International Energy Agency motivated the provinces to develop contingency plans. As one of the 21 member countries, Canada signed an international treaty to share oil in times of an emergency and it has developed a number of programs to counteract the adverse effects on any significant disruption in oil supplies. The provincial contingency plan complements and supports the federal and international programs.

I would like now to turn to natural gas. It is one of Canada's most important energy sources. The advantages of gas are great. It is a clean-burning fuel with a relatively benign effect on the environment. More people are using gas to heat their homes and more people use higher efficiency furnaces so they are using gas more efficiently. It is also one of the most important energy sources for Ontario. It supplies close to a third of the energy we consume.

Today we are seeing a growth in the use of gas of about two to 2.5 per cent per year. The National Energy Board expects that current Canadian gas reserves, plus reserves additions, will continue to meet our domestic and export demands until about the year 2000. Canada has large reserves of natural gas, both in the western provinces and in the frontier regions.

Two years ago, when Canada embarked on deregulating natural gas markets, my predecessor stated that all Ontario consumers should receive the benefits of the more market-oriented system.

Deregulation of the natural gas markets has brought many benefits to Ontario. Our industries are now able to purchase gas directly from producers in the western provinces and they are able to get this gas for lower prices than they have paid in the recent past. But not all of the gas consumers in Ontario are fully sharing those benefits. The home owner and local hospitals, like Toronto Western Hospital, are both being hindered from getting the full benefit of the lower prices being offered to industry.

In my time within the ministry, I have learned that all the participants in the deregulation process have, at one time or another, faced more difficulties in the transition period than they expected. This remains the case for Ontario and other provinces. We have had difficulties ensuring that all consumers benefit from deregulation, but we are continuing to work towards this goal. It is a short-term problem, and I am confident it will be resolved.

In the long term, we face issues of a different sort. The federal government has relaxed its

controls on export prices and volumes, and the United States is expected to buy more Canadian gas in future as its supplies run down. Ontario recognizes that producers need access to US markets. I believe the federal government has the responsibility to ensure that gas permitted for export is surplus to reasonably foreseeable Canadian requirements.

Ontario objects to the weakening of the export price test because Canadian industry might be placed at a competitive disadvantage, if Canadian natural gas is allowed to be exported at prices below those available to Canadians. I know the Ministry of Energy and the Ontario Energy Board, in its position as regulator, have been working diligently to facilitate the move to competitive gas prices.

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Just a week and a half ago, I went to Alberta with some of the ministry staff to meet with my counterpart, the Honourable Neil Webber, and representatives of producer associations. We talked about our concerns around free trade and natural gas. I learned at first hand from producers what they think the future holds for gas and oil supplies and exports.

I am pleased to report that their outlook was optimistic, if cautious. I assured the producers that Ontario is, and will continue to be, western producers' best market. I also assured the minister and the industry representatives that I was as committed as the Premier (Mr. Peterson) to easing the acrimony that has sometimes existed in our energy relations. It is my hope that my journey to Alberta is only the beginning of what will become a series of co-operative meetings.

Back on the home front, the ministry has been doing much work to open the gas market and to promote the efficient use of natural gas. The ministry has been reviewing existing provincial legislation with an eye to making changes that would foster a competitive market in gas in Ontario. The ministry has run seminars on how end-users can benefit from the new ways of buying gas. It has also been monitoring the relationship between prices charged to industry in the United States and in Ontario.

At the National Energy Board hearings, the ministry has stressed the need to maintain supplies for the future needs of Canadians, while providing expanded opportunities for gas producers to sell gas to the United States. In front of the NEB, the ministry has argued for lower transportation tolls on TransCanada PipeLines,

an objective we have in common with western producers.

The ministry has been encouraging the wise use of gas. This means using it efficiently and using it in new ways to replace more expensive and less clean fuels. I am proud to say the ministry has had a lot of successes in this field recently. Working in partnership with a number of private companies, it took part in the construction of two buses, built to run on gas, which were then sold for use in Brooklyn, New York. The Americans came to Ontario for the advanced technology and because using natural gas in their public transport systems reduces their environmental problems.

In Hamilton, six buses converted from diesel to gas are now in revenue service. Not only is this project quoted throughout Ontario and Canada, it is also helping to diversify our energy sources and it is saving the city of Hamilton about \$30,000 per year. The city is considering expanding the fleet to 90 buses, which could save it \$450,000 a year. An added but important benefit is that the elimination of particulate emissions is improving the air quality in Hamilton.

Word of these successes has spread. There was a bit of a buzz around the ministry offices a little while ago when it was reported that the Toronto Transit Commission was considering replacing its electric trolleys with diesel buses. We were pleased the TTC said it would consider natural gas vehicles as alternatives to new diesel buses.

Let us now talk about electricity, which is third in order of consumption. It supplies us with 17 per cent of our energy consumption. It is also the fastest growing energy form in Ontario, because of increased demand in the commercial and industrial sectors. In the past, hydroelectric power, coal and nuclear power have each contributed greatly to Ontario's economic growth. Today and in the years ahead, we will look to these conventional sources and to some alternative sources of electricity.

The transmission of electricity to service our communities is an important responsibility. To that end, new transmission lines have been approved in eastern Ontario to counter potential shortages in that region. Transmission lines have also been approved in southwestern Ontario to help tap the locked-in power from the Bruce nuclear power development.

We rely on coal to produce nine per cent of the secondary energy used in Ontario. Also, 18 per cent of the electricity we generate comes from coal. Currently, we are examining the means to

reduce the delivered cost of low-sulphur western Canadian coal to Ontario, through the work of the Western Canadian Coal Action Committee. We hope in this way that Ontario Hydro and Ontario's industries will have access to a reasonably priced Canadian coal that will help to reduce acid gas emissions in Ontario.

Ontario Hydro recently arranged to purchase 200 megawatts of power from Manitoba Hydro for the period from 1998 to 2003. This will also allow Hydro to cut back on acid gas production because of a decreased demand for coal.

I would now like to elaborate on some of the reports I referred to in my introduction. We are awaiting Professor Kenneth Hare's report on nuclear safety in Ontario. This report will contain the results of a review conducted by the Vienna-based International Atomic Energy Agency. The government asked the agency to carry out a complete review of the safety of operations at the Pickering nuclear generating station.

The agency's report was released to the public at the end of September. The review team made recommendations which, in general, have been accepted by Ontario Hydro and the regulatory authority, the Atomic Energy Control Board. The overall conclusion of the review was that the level of safety at Pickering was satisfactory and above average by comparison with 18 other nuclear stations reviewed by the agency. We undertook the review because we want the most rigorous scrutiny of our facilities and because we put safety first.

Electricity and electricity generation will continue to be issues of central importance to this government and to the people of Ontario. Ontario Hydro will be releasing the much anticipated Demand-Supply Planning Strategy in the new year. This government has promised that the strategy will be the subject of a thorough public review process. The review will guide our approach to the demand and supply options we should look to, the options we will need to satisfy our energy requirements into the next century.

One of our supply options is to develop small power systems, such as small hydro sites. The ministry is actively supporting and promoting this growing Ontario industry, especially in remote Ontario communities where power supply may be limited and expensive. To date, about seven megawatts of small hydro capacity have been commissioned in Ontario, and another 75 megawatts of capacity are being considered for development.

To give you an example, the ministry has committed \$70,000 for the development of a

100-kilowatt small hydro station at a lodge near Killarney. This project, which is currently under construction, is expected to save about \$20,000 a year in diesel fuel costs and allow the lodge owner to operate year round.

A new ministry publication outlines the planning and approval processes for small hydro. This will help developers get their projects on line faster.

Another initiative is the international trade show and conference on small hydro we are sponsoring in July. The conference will focus exclusively on international developments in the industry, and on markets for small hydroelectric systems. Small Hydro '88 will be a showcase for Ontario's capabilities and potential in the small hydro arena.

Of course, small hydro is not the only alternative energy source with which the ministry is involved. Last March, the ministry introduced a \$25-million energy-from-waste program. The program provides capital assistance to municipalities and companies seeking to produce energy from the burning of nontoxic waste.

Energy from waste plants have been built, with ministry assistance, at a number of sites. These include Victoria Hospital and 3M Canada in London and General Motors of Canada in Oshawa. The capacities of these plants vary, but in each case the companies are taking advantage of a renewable and indigenous energy source and are saving money on energy costs. At 3M and GM, the plants are also helping to solve environmental problems associated with disposing of solvent fumes and paint sludge. By putting our waste to work, instead of burying it, we are helping to diversify our sources of electricity supply.

Another way the ministry is working to turn waste into energy and diversify our electricity system is by promoting cogeneration projects. Earlier this year, my predecessor, the member for Niagara Falls (Mr. Kerrio) travelled to Chapleau to open the Chapleau cogeneration project. The ministry contributed \$2.2 million to the project. The project has created jobs for 13 people and is expected to bring an additional three quarters of a million dollars into the local economy each year.

Cogeneration has a lot of potential in northern Ontario. The ministry is supporting a second cogeneration facility in Cochrane, where wood waste produced at the neighbouring sawmill will be burned to produce electricity for the power grid. The funds for this project have been granted under the Northern Ontario wood energy pro-

gram. This program promotes the use of wood waste as an energy source.

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Under NOWEP, the ministry has given a \$600,000 grant to E.B. Eddy Forest Products Ltd. to help build a wood-waste-burning heating plant at its sawmill in Nairn Centre. The switch to wood waste from natural gas will save E.B. Eddy almost \$600,000 a year in energy costs.

The ministry's support helps businesses and industries save money. The program helps create jobs and increases economic development in northern Ontario.

Another type of waste that we are learning to use more efficiently is waste heat. This ministry is helping both the Tillsonburg hospital and the Sault Ste. Marie fish hatchery to recover and make use of industrial waste heat from local companies. The ministry has also funded a project to use waste heat from Pickering generating station for a new fisheries venture.

Ontario Hydro and the Ministry of Energy share many common commitments—for example, our commitment to help Ontario industry become as energy efficient as possible. We work together to fulfil that commitment through the joint energy monitoring demonstration program. Just last week, we presented cheques to six major companies, for a total of nine companies to date, which will be installing energy monitoring systems. We have decided to extend this successful program to five more industrial sectors. These sectors are industrial minerals, pulp and paper, iron and steel, plastics, and electrical and electronics.

Monitoring and controlling energy use is an excellent way to improve Ontario's industries. It proves how valuable energy efficiency and conservation can be to making industry more competitive.

I would like now to address some of the legislative changes being examined within the ministry. Along with examining changes to the Ontario Energy Board Act, the government will be reviewing the Power Corporation Act. The Power Corporation Act must be brought up to date, and the act must provide for greater responsiveness by Ontario Hydro to government policy and the views of the public.

On the matter of energy efficiency, I am planning to introduce new legislation. This legislation will allow us to implement regulations governing various energy efficiency levels. These regulations will be designed to ensure that Ontario consumers do not have to settle for second best in household equipment—equipment

such as refrigerators and clothes dryers and home heating equipment. The ministry has been working with industry and associations to establish these standards.

In addition, the Ministry of Energy, along with those in Manitoba and Quebec, has agreed to join a federal task force. This task force will develop a common approach to the adoption of efficiency standards.

The ministry is also working with the Ministry of Housing to ensure that energy efficiency requirements for new homes are at economically justified levels.

I mentioned at the beginning of this speech that I had attended the Energy Options conference in Montreal. The Energy Options process has been a very important one, and I look forward to reading the report of Tom Kierans' committee.

On January 30, 1987, for the first time in more than eight years, the federal, provincial and territorial ministers of energy met in Ottawa. At that conference, my predecessor, Mr. Kerrio, released two new policy discussion papers to help foster a more comprehensive discussion.

One paper, *Energy Security for Canada: Improving Energy Efficiency*, dealt with the need for a national approach to improving energy efficiency. The second paper, *Energy Security for Canada: Expanding Energy Supplies*, stressed the importance of national leadership in expanding and securing Canadian energy supplies.

The closing communiqué announced the ministers' concerns about energy efficiency in Canada. It also pointed to the growing efficiency gap between Canada and other industrial nations. The ministers also agreed on the need for national action—action, which I am pleased to say, Ontario is taking.

The ministry has other direct links with the federal government and with our sister provinces through the Council of Provincial Energy Ministers and the Interprovincial Advisory Committee on Energy.

Ontario and Canada have managed to stretch our investment dollars in conservation and energy efficiency by jointly funding about 25 projects. Much of this work has been done under a program called NCAEI—the national conservation and alternative energy initiative.

That program will end in March 1988, but with Ontario's encouragement, Energy, Mines and Resources Canada is working on a replacement program which will continue federal support.

I would like briefly to present the highlights of the past year of the Ontario Energy Corp. As you

all know, the OEC is being wound down. To date, the corporation's oil and gas interests in Ontario and Western Canada, and eight other venture capital investments, have been sold. The corporation's board is currently pursuing the prudent sale, or windup, of the remaining investments.

In partnership with many sectors in the province, we are working to inform and educate Ontario about the benefits of energy conservation and efficiency. One of the more exciting projects, and one which I had some fun attending recently, is the Downtown Energy Forum. Now in its 10th year in Toronto, this program alone has saved building owners and managers in the downtown cores of Toronto and Ottawa \$10 million a year.

This program shows how successful practising energy efficiency can be to reduce business costs and strengthen competitive abilities. The key to the strength of this program is sharing knowledge. Eleven other cities in Ontario now have their own energy forums and are saving equivalent amounts of money.

One of our most important partnerships is with Ontario's 836 municipalities under our municipal conservation program. With the co-operation of the Association of Municipalities of Ontario, many municipalities have received assistance to implement energy retrofit measures. The response from small municipalities has been overwhelming. Unfortunately, the program has suffered from its own success. We ran out of money in October—six months early—despite the fact that we had reallocated \$1.3 million from other program areas. But our partnership with Ontario's municipalities is something we do not intend to let lapse. The throne speech promised new initiatives to encourage even greater municipal participation in energy management.

The ministry is extending its partnership approach to many other sectors: the managers of our government buildings, industry, remote communities, schoolchildren, farmers and many others.

I would like to give you just a few examples of some of the projects that are taking place across this province. In Ontario, grain drying is big business and it uses a lot of energy. Commercial grain dryers are being helped to install new computer hardware that reduces energy costs and improves the quality of the product.

The ministry evaluated the program between January and April 1987 and found the results to be better than anticipated. The 44 participating companies reported annual savings of close to

\$1.5 million in reduced fuel costs and improved product quality. The return on investment was calculated to be 22 per cent. On a satisfaction scale of one to five, the participants rated the new control systems at 4.8.

Another program the ministry is supporting is energy service contracting. Few businesses could find a more worthwhile contract to sign. The ministry recently helped one contract get off the ground with the ministries of Government Services and Transportation. They are planning to implement \$2.8 million in energy-efficient measures and save over \$7 million over the seven-year term of the agreement.

In another partnership agreement with the same ministries, hangar doors at 15 remote northern airports were weatherized. This cost \$78,750, saves \$52,500 annually and pays back costs in one and a half years.

As you can see, Mr. Chairman, the word is getting out and it is getting out in more than English and French. This year the Ministry of Energy developed information on home insulation for the Portuguese, Italian and Chinese communities in Metropolitan Toronto.

On a couple of occasions, our mascot, Dudley the Dragon, has appeared in Italian theatre productions. Dudley is truly doing the show circuit. Last week he attended the Gemini awards ceremony. He was there for a bit of a show to present some awards. He was there because The Conserving Kingdom had been nominated for two awards.

The nominations were for the best children's program and for the best art direction. I am sorry to say we did not win either award, but I am proud to say that we were in the running and I am proud of the popularity of Dudley and the Conserving Kingdom. Dudley and the rest of the cast have been shown on videotape and presented in live theatre in schools across Ontario, both in English and French.

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After spending almost an hour discussing this ministry, it must appear strange to close with the image of a dragon teaching a child, but maybe it is not so farfetched. Not long ago, today's energy technology would have been as wondrous as any dragon, and future generations may well regard today's technology as mere child's play.

The most important conclusion I have drawn from reading and listening to people is that we must guard against thinking that we know all there is to know about energy matters. We must use our imaginations. Thank you.

Mr. Charlton: Perhaps I will start out my comments by picking up on the minister's opening statement on page 3, where he says: "I believe that any effective energy policy must emerge from the partnership of the people and their elected representatives. This partnership exists on many levels." In my view one of the levels where it does not exist is in the energy sector. It has never existed, and it needs to exist.

The Ministry of Energy since its formation has done a lot of good work in terms of a number of the kinds of projects that were set out in the minister's opening statement, but it has never done the job of developing an effective energy policy strategy for Ontario. It has not provided the leadership that we so often hear ourselves talk about.

We are entering an era when the importance of energy is growing daily and the importance of energy to the society as a whole is growing daily. The relationship between our approach to energy and the environment becomes clearer with each new type of energy that we try to deal with in this society, and the problems that flow out of that in terms of environmental impact. We have not had serious leadership on those kinds of questions, and that leadership has to come from the Ministry of Energy.

Recently, our first ministers and the Prime Minister endorsed and signed the report of the World Commission on Environment and Development, commonly known as the Brundtland commission. I am not sure whether the minister and the ministry understand the full implications of that signing, but essentially the Brundtland report is looking for the developed world to cut its energy consumption by 50 per cent over the next 50 years. Without major energy planning initiatives on a global scale, with leadership provided presumably by the Ontario Ministry of Energy, those goals are not attainable. The commitments we have made will just be more rhetoric.

But it is important that that we understand that commission report and the importance of that commission report in terms of global development, especially in the developing countries in the Third World. We have our role to play in that, and without major planning in terms of energy strategies, our role will go unfulfilled. We are not in a position at present to fulfil the obligations we have set out for ourselves.

The minister's statement also emphasizes the importance of hydro and Ontario Hydro's planning process, and specifically the Demand-Supply Options Study, which will be released

soon. Although the minister has committed that the study, when released, will receive some kind of thorough review, I am not sure what that is. We have not been told yet. I understand from the minister's responses in the Legislature last week that the ministry is looking at five potential options. I do not know what those five are, although I will assume that at least one of the five options is the option which the select committee on energy recommended in July 1986 that the Ontario Energy Board be allowed to do that review.

I do not think most of us understand the importance of that review. The demand-supply options study, which is the most major study that Ontario Hydro has ever done, will set the direction for Ontario Hydro for the next 25 years when it is adopted, in whatever form. The importance of that report is that now is the time when this ministry has to be in a position to provide the leadership to ensure that the right choices are made. Our ability as a province and as a government and, specifically, as a Ministry of Energy, to affect energy policy in Ontario will be severely limited once that strategy for the next 25 years in Ontario Hydro is set. That makes the review of this document, and ensuring that it is the right direction for Ontario to take, the most important task facing this province in the next year or year and a half. I guess what I am saying is that the forum in which that study is reviewed is extremely important.

I do not know how many of you are aware of the problem we have had with respect to lack of information in terms of studies of specific energy areas in Ontario. At great cost to the people of Ontario, the select committee spent some months in the spring of 1986 bringing in a significant number of expert witnesses before that committee, trying to get at some of the questions about real potentials for alternative energy development in Ontario.

The problem we have again with the demand-supply options study which Hydro is going to release, is that Hydro has done the study itself and that study has been done internally, vetted internally, all of the options considered internally and some of those options rejected before that report will ever see the light of day. The ability of whatever kind of review we do on the demand-supply options study to get at questions that are not before it—the question, for example, of some of the alternatives that Hydro has rejected in its process—I am not sure of our ability to effectively do that.

I suppose that raises the question of whether or not the ministry has taken up any of the other recommendations which the select committee made in terms of studies and an information database on conservation, cogeneration and other real energy potentials in the province.

We have a series of questions that I would like to put on the record now so that we can deal with them perhaps tomorrow and any ensuing day that we have on these estimates some time in the future. Exactly when, I guess none of us knows; probably it will be in the second week in February.

How much has Ontario Hydro spent thus far on technical studies related to the construction of a further four reactors at the Darlington site, despite the recommendation of the select committee on energy in July 1986 that no further commitment to nuclear power stations should be made? We understand from press stories that moneys have been spent by Hydro. I would like to know how much they have spent along those lines before we have even had the opportunity of looking at the demand-supply options study and what it implies for the future in Ontario.

How much did Hydro spend, both in September and October 1985 and in March and April 1986, on its presentations before the select committee? How much does Ontario Hydro pay annually in membership fees to the Canadian Nuclear Association? Specifically in that regard, given that the Canadian Nuclear Association members involuntarily pay an extra fee that was 25 per cent beyond membership fees in the last CNA fiscal year, is 50 per cent above membership fees this year and will be 100 per cent above next, is Ontario Hydro going to continue to pay the membership fees and the voluntary multiplier, given the statement of the Premier in June of this year to the Legislature, that Hydro will not be involved in advocacy of nuclear development?

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It would seem to me, and I think the question is fairly clear, that by paying these donations above the basic membership fee Hydro is involving itself in the act of advocacy programs of the CNA. Given that Ontario Hydro is involved in the Candu owners group, which serves as a forum to exchange information, what is the purpose of Hydro's continuing to be a member of the CNA other than simply for nuclear advocacy? In 1986-87 and the 1987-88 fiscal years, how much in total has Hydro paid to the CNA and the CNA-managed endeavours?

At the time of the select committee deliberations with respect to the Darlington station in

September-October 1985, the committee felt that it had an inadequate database and analysis on demand-side options and that was a factor in recommending that Darlington be completed. In the final report of the committee in July 1986, the committee saw a window for such data to be generated in that it ruled out further nuclear expansion. That recommendation by the select committee was very specifically based on our view, based on the evidence given to the committee, that there were real opportunities and real potentials to eliminate the need for any future nuclear power generating stations in Ontario.

Given the history of Hydro painting the Legislature into a corner on demand-side data, has the Ministry of Energy initiated its own studies? Has the Ministry of Energy retained consultants to provide a contrasting analysis to the demand-side aspects of Hydro's demand-supply options study? If so, will the ministry please release such studies to the justice committee during these estimates.

What does the government see as the terms of reference for the new select committee on energy? I think this is an important question, because the select committee, which worked very hard for a little over a year, has seen no government response to the vast majority of the recommendations it has made. I think it is time that this ministry told us what it plans to do for the new select committee which has been proposed. Will the terms of reference include an examination of electricity pricing and recommendations of an alternative price structure? Will the terms of reference include the opportunity to review Ontario Hydro's chosen appointee for chairman?

Given Ontario Hydro's historical lack of commitment to conservation as a source of energy supply, what studies has the Ministry of Energy done or commissioned on appliance efficiency and the setting of standards for appliances? Will the ministry please release such studies to the justice committee?

I think it is appropriate to point out at this point that, although the minister has made reference to these very specific items in his opening statement today, flowing out of that often-repeated commitment on the part of the ministry, again we still have absolutely no data in terms of what the intention is and what the potential in terms of energy conservation is. I should also point out that it was our understanding from the former minister, not only that these studies would have been released already but that the legislation should have been before us last spring.

If the Ontario Energy Board's recommendations on cost pricing and costs of capital are adopted, thus causing an increase in energy prices, how does the government plan to deal with hardship cases which may arise from some industries and citizens? The Ontario Energy Board has recommended that a separate parallel-generation branch be established within Ontario Hydro with the authority and the technical and legal expertise to carry out all necessary negotiations to finalize agreements with independent power producers. Hydro has responded that it is not persuaded of the need but will review the matter.

Since the previous select committee on energy recommended that the Ministry of Energy develop and publish detailed plans for parallel-generation options, will the government direct Ontario Hydro to incorporate these plans into its own annual resource plans? Will the ministry please outline the means by which the government plans to amend the Ontario Energy Board Act and the Power Corporation Act so that the recommendations of the Ontario Energy Board are not routinely ignored by Ontario Hydro?

Again, I point out that the questions I have just gone through are all questions that relate to the recommendations which the select committee on energy made a year ago last July. To date, we have had absolutely no response from the Ministry of Energy on all but two of the recommendations, which were proceeded with, the completion of Darlington and the nuclear safety study. We would be interested in hearing the ministry's response and the minister's response to the rest of those recommendations and the questions that flow out of them.

I should point out as well that we continue to have fairly lengthy discussions and lots of applause around the questions of parallel generation and, specifically, small hydro and the approach this ministry has taken to small hydro at the same time that it allows Ontario Hydro to continue, in effect, to thwart the process in many respects. Although it provides guarantees of a buyback price on small hydro developments, Ontario Hydro puts a cap on the size of those developments and in some instances is in fact causing sites to be underutilized in order to maintain this cap.

Put another way, Ontario Hydro is, to use a term that Hydro likes to use, locking in power intentionally at small hydraulic sites in Ontario. One specific example that pops to mind is a site that was leased at Ragged Chute. I believe the site has a potential in conventional hydraulic

generation to develop about eight megawatts of power at peak capacity, but Hydro, in the leasing of that site to a private developer, has limited that development to five megawatts. In effect, Hydro is intentionally allowing the site to be underutilized to serve its own purposes.

We have questions about whether Hydro is really committed to small-scale hydro projects or whether it is simply allowing them to proceed because of public pressure and the kinds of pressure that have been brought to bear by the select committee and the ministry itself.

It would appear, for example, that although Hydro is proceeding on a number of fronts and has even developed small hydraulic developments of its own, it does not proceed with the same tenacity around small hydro sites as it does around transmission corridors, its push for more nuclear plants and so on. Whenever there appears to be some public opposition to any proposals for small hydraulic sites, such as the Little Jackfish site, Hydro starts to walk very cautiously and backs slowly away from the question, as opposed to the rather aggressive, high-profile, concerted approach it takes with other public hearings it has to get involved in; specifically and noteworthy, some of the controversies we have had to go through around transmission lines and transmission corridors.

We also have the questions that relate to free trade, which I do not think have been adequately addressed. I would like to find out, for example, whether or not the interpretation that has been made by a number of people that, in fact, the free trade deal and its relation to hydro rates in Ontario will have a serious impact.

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It is my understanding, although these judgments were made based on the draft document and not on the final version, that one of the rules, which are presently set by the National Energy Board for the sale of hydro in export markets, basically says that power sold in the United States should not be priced below the cost of alternative power to the customer in question, which in effect means that Hydro presently sells its power to Michigan, New York State or whatever other jurisdiction it is selling power to, at a cost that is comparable with their next increment of power and not at a cost that relates to what Ontario consumers pay.

My understanding is that rule will, in effect, be struck down by the free trade deal. Therefore, exported power from Ontario will have to be sold at a uniform system price. I think we all understand that, in effect, that is going to have an

impact on the consumers of Ontario. Perhaps not a major one at this stage because export is not a major component of our system, but it will have an impact. The consumers of Ontario will, in effect, have to pick up for the loss in dollars from export sales so that we can continue to allow Hydro to operate at a break-even basis.

I would like the ministry's response on what its understanding of the free trade agreement is in that respect and whether that will be the effective result of the free trade agreement. I should point out that the understanding that we got on this matter came from one of the trade negotiators themselves.

In addition to hearing the minister's comments about the recommendations from the select committee which have not yet been responded to, which I have raised already, I would also be interested in hearing the minister's comments on his view and the ministry's view of Ontario Hydro's response to the recommendations of the Ontario Energy Board in its last report.

The minister will recall that I have raised this question a couple of times with him in the House, and obviously I do not have time to go through all of those recommendations, but it is my view that Hydro's response to some of those very important recommendations from the OEB is an extremely inadequate response and I would like to hear the minister go through that and tell this committee what his view is and what the ministry's view is of the approach that the Hydro takes, both to the specific recommendations and to the need to be accountable and to take some of these recommendations seriously.

I think, perhaps, with that I can wind up my comments by saying that it is my view that in the past the Ministry of Energy has not done the job that needs to be done in Ontario. The rhetoric is certainly all here in terms of the kinds of things that the minister has said, but the job is not getting done. I guess the questions I raised, for example, about what work the ministry has done in terms of parallel studies on questions of conservation, cogeneration and other alternatives and the lack of data which the ministry was able to provide to the select committee when Ontario Hydro could not provide it either, tells the story from the perspective of whether this ministry sees itself as having a real role to play in providing the leadership in developing an energy strategy for Ontario.

That strategy does not exist and it has to exist. The minister has said it has to exist, but it does not presently exist. We have to get on with the job of ensuring that the right strategy is

developed in a fairly short time frame so that we are in a position to move into the 1990s heading in the right direction, the direction that is most appropriate for Ontario's future.

I make reference to the minister's comments about the competitive nature of Ontario, the importance of remaining competitive in the future and the very important role that energy will play in our ability in Ontario to stay competitive.

It is my view that the expressed road Hydro seems to be suggesting we head down is precisely the wrong road to get to that goal of remaining competitive in Ontario. All our neighbouring jurisdictions, which happen also to be our competitors, as the minister has said, have made major gains in terms of energy efficiency, far and away ahead of the gains we have made in Ontario. The more we allow that gap to increase, the less competitive Ontario and Canadian industries will be.

I do not think the Ministry of Energy has ever seen itself as an important cog in the wheel of economic development in Ontario, but that is what I am suggesting this ministry has to become. It has to provide the leadership that in large part will play a major role in our economic future and social future in this country.

I will end my comments there and hope we can soon have from the ministry some of the answers to the questions I have raised.

Mr. Runciman: My comments are going to be rather brief. That reflects the fact that I am a Conservative and also, I think, reflects the fact that I am very new to this critic area. Hopefully, this is going to be very much a learning process. I know there are a number of issues that concern our party as well as the New Democratic Party and, I am sure, members of the governing party as well.

I am not sure because I have not discussed this with anyone, but if the minister is not able to attend tomorrow, I personally would rather not continue with the estimates process. I think it is extremely important that we have the minister present so we know just what he personally thinks about a variety of issues and where he hopes to take the ministry.

The Vice-Chairman: I think we heard the minister express his desire to be here to answer your questions.

Mr. Runciman: Yes, I understand that. I am just suggesting that if he cannot, for health reasons, be here, I do not think we should proceed.

The Vice-Chairman: We will be convening tomorrow in any event. If it turns out that the minister cannot be here, then we will adjourn after we convene, if that is the wish of the committee.

Mr. Runciman: The first concern I want to put on the record is in reference to the Ontario Energy Board which, with all due respect, has seen its Ontario Hydro hearings become nothing more than an exercise in futility. Just this year, the board recommended an Ontario Hydro rate increase of 3.7 per cent, but Hydro turned around and produced a few different sets of numbers and made known its intention to hike its rate by 4.7 per cent.

I believe we need to take a serious look at the various concerns expressed by the board. For example, the OEB is concerned about the basis on which the board is required, in law, to hold a public hearing, and about the hearing process itself. According to the board, in recent times the Hydro hearings have involved in excess of 8,000 person-hours by the board and its staff alone and aggregate costs in excess of \$3 million. That includes the direct and indirect costs of Hydro and its interveners.

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The board expressed serious concern as to whether the hearings are any longer cost-effective. It also outlined that in the past its recommendations regarding Hydro's inappropriate pricing policies and its tardiness in making public its system development plans have been largely rejected by Hydro.

Clearly, there is a desire and a need for Ontario Hydro to become more accountable to the people of this province. During the energy board hearings, Hydro has a distinct advantage over its interveners. It produces all kinds of numbers to justify its development plans. It is a case of the tail wagging the dog. No one has any input into this process. It is a charade. Ontario Hydro spends countless dollars producing reports to justify its growth plans. Then the board makes a recommendation, and the result is that Hydro hikes its rates by whatever it wishes.

I will be interested in hearing from the minister with respect to what he intends to do to clean up this process and make it truly cost-effective and accountable to the people of this province.

There are some other points with respect to the board that I want to address. The board listed 12 recommendations recently, as the minister is undoubtedly aware. I will not take time to outline all of those but I do wish to state a few of them in the interest of indicating to the minister that these

are concerns that he and his officials should be addressing during these estimates.

A concern of the board, and one I believe all parties in the Legislature share, is that of Ontario Hydro's debt. It is a staggering amount of money. Surely it makes good economic sense to begin taking steps to reduce that debt.

It concerns me even more when I read press reports, such as that in the *Toronto Star* last week, outlining the long overdue demand-supply options study and saying that it will recommend construction of more nuclear power plants. It is not much wonder that Ontario Hydro has lost control of its finances. On the one hand, it says it has a surplus of energy and is selling some of that surplus to the United States. Next, we hear that Lennox is being reopened to meet demand for more power in eastern Ontario. We are left guessing at what Ontario Hydro will recommend, what will be recommended in the demand-supply options study.

One of the recommendations from the energy board which certainly interests me is that of calling on Hydro to implement more conservation programs and to present evidence in the rate hearings for 1989 that it is serious not only about screening and testing conservation programs, but also about implementing them more expeditiously. Certainly, we are all aware that conservation is the most cost-effective energy alternative.

The energy board has called on Hydro to exert every effort to reduce its labour costs. The board believes Hydro can narrow the salary gap between itself and the community average by 1.5 per cent in 1988. Again, we are addressing the issue of financial management, about which Ontario Hydro does not have much to boast.

In terms of Hydro's huge debt, the board has suggested that the province should charge a fee to Hydro for the guarantee of that debt. Perhaps this is one way to begin getting Hydro's financial house in order. Also, Ontario Hydro is being urged to strive to pay down its total debt and reduce future borrowing requirements.

I mentioned the demand-supply options study, a study that has been delayed and delayed. The previous speaker made reference to it. It is clear that the longer we wait for this study, the tighter the time frame becomes for us to decide upon the best course of action to take to meet the energy demands of the future. The chairman of Hydro, Mr. Campbell, assured the energy board that this study would be released for public review by the end of the summer. Initially, we were told the study would be made public in the spring of 1986.

Hopefully, during these estimates we can hear from both the minister and Ontario Hydro representatives on two points. The OEB has recommended that this study be subject to an extensive review through a public hearing, either before the board or elsewhere. In the minister's statement, he made reference to extensive review, but he did not make any indication of whether indeed that would be a public review. We would certainly like to hear the ministry's views on that. Also, I want to hear the minister's and Hydro's justification for delaying this study for so long.

I am concerned about the direction the new minister intends to take with regard to Hydro. He has stated publicly that the government has decided to make the reforming of Hydro a priority and he has indicated that financial practices, rate setting and the debt are major areas in which the utility could be made more accountable to taxpayers. Certainly I support his declared intentions and I am looking forward to seeing some action in this regard.

My friend to the right mentioned free trade. I guess we would like to know how much research has been done by the ministry and/or Ontario Hydro with respect to how free trade will affect surplus energy sales to the United States.

I have some reservations with respect to the government's announcement in the throne speech about appointing another select committee. We wonder again if this is not simply window-dressing. Surely the information provided by the previous select committee and the energy board report are enough for this government to make some decisions now on Hydro's accountability. Perhaps the minister can reply to those concerns in his response to my statement.

It appears that the appointment of this select committee is nothing more than a make-work project for certain members of the Legislature. Considering that the present government spent so much time in opposition studying Ontario Hydro's problems and making numerous suggestions to reform the utility, perhaps it is time to forget the rhetoric and get on with the job of bringing under control what they used to call a monster on the loose.

It has been over two years now that this government has had the opportunity to make good on its promises, but nothing has been done. In fact, Hydro is still leading this government by the nose in refusing to implement the energy board recommendations and refusing to release the demand-supply options study.

The direction taken by Hydro in both the near and long term should be decided in an accountable and reasoned fashion. It is imperative that Hydro and the government understand each other with respect to forecasts. It is for that reason I was most disturbed about a year ago when Mr. Campbell was quoted as saying that Ontario would need another nuclear power station before the end of the century, and the Premier responded by saying there was no crisis on the horizon. Perhaps the demand-supply options study will shed more light on this uncertainty and a full public review of that study would hopefully ensure that the best steps are taken for the citizens of this province.

The Premier recently announced that the successor to Mr. Campbell as chairman of Hydro will face public confirmation hearings before a legislative committee. While I welcome this change, I would like to know why the Premier did not go so far as to implement a change similar to what he and the member for Renfrew North (Mr. Conway) introduced as a private member's bill in 1983.

That bill included a requirement for approval of such an appointment by the Legislature after a committee hearing for the appointment or reappointment of the chairman of Ontario Hydro. The plan the Premier recently announced would see a select committee on Hydro review the appointment but it would not give members of the Legislature the power to veto that appointment. I am wondering why the Premier does not want this change to reflect his and Mr. Conway's proposal of 1983.

During the estimates I would like to see the minister outline whether or not he has familiarized himself with the document known as The Private Power Option for Canada, which was made public in October. This document, which was sponsored by more than 60 companies and industry associations across Canada, made what I believe is a wise suggestion. The study suggested that each Canadian province should hold public hearings before a designated regulatory body, similar to ones recently held in Alberta, to decide what each province's policy is going to be on parallel generation.

The study states that these hearings are urgent. If a decision is not taken now to exploit the private power opportunity, Ontario Hydro will continue to build new plants, thereby exacerbating its current planning and financial difficulties.

There are several reasons why the minister should be taking a serious look at this opportunity. There are environmental savings to consider;

more opportunities for employment; shorter lead times are necessary to begin producing power on a smaller scale in the private sector; and the list goes on and on. I will be most interested in hearing the minister outline what his opinions are on this energy alternative.

1700

As well, the subject of energy conservation needs to be addressed in a much more serious manner than we have seen in the past. It should be noted that in vote 1303 in the estimates, which covers energy management and technology, I see that the funding for research and development and energy management has been cut significantly. In 1985-86, the expenditure was close to \$30 million, but these current estimates show funding for these areas at only a little more than \$24 million. That is a reduction of \$5.3 million since 1985.

Given that five of the recommendations of the select committee on energy dealt directly with the need to enhance energy conservation—several others indirectly refer to this—and that the former Minister of Energy said in last year's estimates hearings that the government was placing a high priority on finding new ways to meet our energy needs, why has this part of the ministry's budget been decreased?

The deputy referred in his statement to alternative sources of fuel, to alternative fuels research. I would like to make reference in that regard to hydrogen. This government has an embarrassing track record in reference to hydrogen. The Liberal government cancelled the Institute for Hydrogen and Electrochemical Systems; quite a faux pas, I believe. As the minister is no doubt aware, the federal report entitled *Hydrogen: National Mission for Canada* has recently been released. It details how hydrogen is a key energy alternative of the future. The report outlines how hydrogen will be one of the dominant forms of energy production in the future, and that it is now a question of which country will develop the hydrogen technology and become a world leader in this respect.

I want the minister to outline to us why Ontario was the only province to review this report and not support it. The minister would be well advised to take some positive steps in support of this energy alternative. It could be a perfect opportunity for the minister to fly in the face of his government's previous stand on this issue. It is time, we believe, for the government to stop taking its head-in-the-sand approach to new energy technology.

Again on energy conservation, in last year's estimates hearings the minister stated: "The government has given clear direction to Ontario Hydro on these issues. In my ministry's conservation paper, we stated that Hydro should look to conservation and load management before large new supply options to meet Ontario's future energy needs."

I want the new Minister of Energy (Mr. Wong) to tell us whether he agrees with his predecessor's views on conservation. Will he uphold the promise to study all alternatives before committing his government to an additional nuclear power plant? As mentioned, the demand-supply options study is expected to recommend such a plant be constructed.

With regard to the question of whether another nuclear power plant should be constructed in Ontario, we would like the minister to outline to us his personal feelings on this. Since the select committee on energy heard all of Ontario Hydro's arguments in favour of further nuclear expansion and unanimously rejected them, why is the government considering, if indeed it is, spending more money on another set of public hearings to judge this already-judged issue?

Is the government, like Ontario Hydro, so fond of nuclear expansion that it cannot accept the select committee's unanimous no for an answer and is willing to waste both the province's time and its money trying to change that answer? I ask these questions keeping in mind the story published last Thursday which said the minister "will shortly recommend to cabinet what form these hearings should take. They could be held under the Public Inquiries Act, by the select committee on energy, by the Ontario Energy Board or by a cabinet subcommittee." As I mentioned before, it continues to be a situation where the answers are already available, but if they are not to the liking of the government it will apparently have the matter studied once again until it gets the answer it wants to receive. That appears to be the approach.

Also, we will want the minister to tell this committee when the government will respond to the 26 recommendations of the select committee on energy report. To date, only two of those recommendations have been formally adopted. Others have been referred to in a very obscure fashion in the throne speech. I want to know which of those recommendations will be adopted, which will be rejected and why.

In responding to my opening remarks, I would like the minister to outline some information

pertaining to studies being conducted by Ontario Hydro.

In a story last week it was noted, "Hydro Reported Ready to Ask Ontario to Build More Plants." The story indicated that Ontario Hydro has done, or is doing, the necessary technical studies to facilitate the construction of more nuclear generating units in Ontario. I would like the ministry to tell the committee what studies Hydro has done and what studies are currently being done in anticipation of further nuclear construction, either at Darlington or anywhere else in the province.

Talking about power, I want to touch briefly on the subject of purchasing surplus power from neighbouring provinces. I asked this question of the minister in the House last week and did not get a very informative answer. I would like him to elaborate on why Hydro recently rejected the opportunity to purchase surplus power from Quebec. I am told Hydro turned down the offer because it has a surplus of its own, that the power is not needed at the moment. However, I am more inclined to believe that Ontario Hydro is preoccupied with wanting to produce all of this province's electricity. It wants a made-in-Ontario energy base and is inclined to reject offers such as the recent one by Hydro Québec.

We talk about removing interprovincial trade barriers; that is something the Premier has spoken about. We hear numerous elected officials talk about breaking down those interprovincial trade barriers. This is an area where I found, in my own dealings with Quebec on the transmission corridor from Kingston to Ottawa, that there is indeed a real resistance on the part of Hydro officials to get involved with any questions related to the purchase of power from that province.

I would like to have an answer I can live with in respect to that. I gather from the initial comments and discussions I had a couple of years ago with Hydro officials that they simply do not want to be reliant in a significant way on power that is sourced from another province, especially the province of Quebec, I guess, given the history of the province and the questions that were raised during the Parti Québécois governance, the fact it may not always be a part of this country. I would like to have the minister and/or his officials elaborate on that; and if it is indeed a policy of Hydro, unwritten or otherwise, expand on it and also comment on its appropriateness.

It seems ironic, if not totally confusing, to hear that Hydro will be recommending more nuclear power plants to be built in the future to meet its

future needs but is not interested in purchasing from neighbouring Quebec.

We would also be interested in knowing what scientific studies have been done by the Ministry of Energy or Ontario Hydro concerning the ever-increasing concern over the greenhouse effect. We have been reading a fair amount about that lately. One of the comments made in the press with respect to the greenhouse effect on our environment was that water levels would continue to stay low in Ontario. We saw the impact of that this year.

We have been talking to the officials at the Robert Saunders power dam at Cornwall. They produced less power than usual this summer because water levels were so low. It was also a serious inconvenience for those living along the waterway, but from an energy standpoint those lower water levels significantly decreased the power production at the Saunders dam. It is the Ministry of Energy's responsibility to determine, I think, why that has happened, what can be done to prevent it from recurring and what the long-term implications are for this province in terms of water levels and in terms of energy generation if the greenhouse effect predictions come true.

I am also interested in learning from the minister whether he has taken a position on or examined the Association of Municipalities of Ontario consortium that is being formed to buy cheaper natural gas from western producers. It is known as Gasamo, and this concept would see municipalities partially bypassing local utilities, which could cut the cost of heating local arenas, senior citizens' homes and other municipal buildings by as much as 23 per cent. The minister's position on this should be known and I am looking forward to hearing it.

We also just want to briefly mention some concerns that were expressed in the Legislature last year—I have not heard a great deal about it recently—related to exports of tritium to the United States. We would like to know what the ministry is doing in terms of taking steps, producing guidelines, whatever, to monitor the use of tritium in the United States.

It is my understanding that the written agreement between Ontario Hydro and the US for the export of tritium is really nothing more than a gentlemen's agreement, that in fact there is no on-site monitoring in the United States to prevent the Americans from using this product in the manufacture of nuclear weapons for the military. What steps has the minister taken to ensure that the Americans are not doing this? It

seems quite clear that without on-site monitoring of the American facilities we have no guarantee that tritium is being used for the correct purposes.

In conclusion, I want to reiterate that I am most seriously concerned with the exorbitant expenditures of Ontario Hydro and, specifically, with its debt. It is imperative that the minister begin to take action on this. He has spoken eloquently before the microphones that he is concerned about the debt and that he believes it should be brought under control, and I agree. We are most anxiously awaiting some action and we look forward to addressing the various issues that I have briefly outlined when the committee meets tomorrow and the minister is present to respond to our inquiries.

Mr. Chairman: I was just going to put that question as to whether the critics wish to ask some questions now and perhaps have them taken down by the deputy minister to be responded to or do you want to adjourn now and wait?

Interjection.

Mr. Chairman: Would you then care to adjourn now and wait until tomorrow when the minister is here?

Mr. Runciman: Would it be the intention to respond to our statements tomorrow; to lead off and then get into questions? Is that the usual format?

Mr. Chairman: If that is what you wish.

Mr. Runciman: As long as it is not too lengthy. I am wondering if it would be more appropriate to have the responses in writing so that we could have more time for questioning—I do not know, sort of for discussion.

Mr. Charlton: That might be a little difficult.

Mr. Runciman: For tomorrow it may be.

Mr. Chairman: If you have any further questions you wish to ask of the officials before we adjourn, then they can also formulate answers to those for tomorrow as well.

Mr. Crosbie: I gather it has been traditional for Hydro to appear briefly or for the length of time necessary. Would it be appropriate for them to appear tomorrow?

Mr. Chairman: What is the wish of the committee?

Mr. Runciman: I have not sat on the committee in the past. I do not know if that has been the tradition or not.

Mr. Charlton: Traditionally it has. We are slightly short of hours this year, though. I think that is a decision we can make once we have heard some of the responses to the initial questions that have been put. The direction of our questioning and any questioning of Hydro will, to some extent, depend on the responses we get to those questions we have put today. I do not think we want Hydro here tomorrow, but we will have an additional day after tomorrow for these estimates. I think we can make that decision based on what happens in the responses.

Mr. Chairman: Would you like to have the staff of Hydro available tomorrow in the event that there is time to deal with it?

Mr. Runciman: I do not want to see them waste any more money.

Mr. Chairman: I think that at the subcommittee meeting, the parties who were there more or less agreed that we would try to wrap this up tomorrow as opposed to coming back after the break.

Mr. Runciman: They should be here then.

Mr. Chairman: Maybe we should have them here just in case you want to ask questions. All right. Perhaps the clerk will—I am sorry. Perhaps you could arrange to have a few people here ready to go.

Mr. Crosbie: Yes, we will look after that.

Mr. Chairman: Are there any other questions from members of the committee before we adjourn?

The committee adjourned at 5:15 p.m.

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Runciman, Robert W. (Leeds-Grenville PC) for Mr. Cureatz

Also taking part:

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Witnesses:

From the Ministry of Energy:

Wong, Hon. Robert C., Minister of Energy (Fort York L)

Crosbie, Don, Deputy Minister



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Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Administration of Justice
Estimates, Ministry of Correctional Services

First Session, 34th Parliament
Monday, January 23, 1989



Speaker: Honourable Hugh A. Edighoffer
Clerk of the House: Claude L. DesRosiers

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Contents of the proceedings reported in this issue of Hansard appears at the back, together with a list of the members of the committee and other members and witnesses taking part.

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Monday, January 23, 1989

The committee met at 4:24 p.m. in room 228.

ESTIMATES, MINISTRY OF CORRECTIONAL SERVICES

Mr. Chairman: On agreement of all in attendance, we will be deemed to have a quorum. In addition to that, if I could have unanimous consent, there is a matter dealing with some of the subcommittee discussions that took place on Thursday that Mr. Farnan wants to address. I understand we have unanimous consent that we will proceed with the minister's opening statement and reserve 5:30 p.m. to 6 p.m. to get into those particular issues. Do we have unanimous consent to do that?

Agreed to.

Mr. Chairman: Minister, perhaps you could introduce your officials and proceed with the statement.

Hon. Mr. Ramsay: Mr. Chairman, it is a delight and honour to appear before your committee. I relish any opportunity I have to discuss my ministry, the Ministry of Correctional Services, so I am going to welcome the statements by my critics from the two opposition parties. We are awaiting some good discussion and hopefully some constructive criticism and maybe some good development of ideas that will come out of this process.

I would like to introduce some of the officials who are going to be assisting me in this endeavour. To my immediate left is Bob McDonald, the Deputy Minister of Correctional Services. Next to him is Len Crispino, the assistant deputy minister for operations in our ministry. Bill Gibson, who is the assistant deputy minister for the corporate services division of our ministry, is next to him.

I will be calling upon them from time to time for more detailed information. I want to make sure we get complete answers to the critics and any other members of the committee. Please do not hesitate to ask for any other assistance we may be able to make available for you.

I would first like to say that upon being named Minister of Correctional Services I found how dedicated the people are who work with me. I have met and worked with hundreds of people from every rank and occupational group during

the past 17 months. I have been consistently impressed by the level of commitment I have seen, both in doing a good job, and more important to the personal welfare and best interest of those individual human beings under the ministry's care and supervision.

A commitment to excellence has also been demonstrated to me by the senior officials it has been my pleasure to work with as minister of this ministry. I would particularly like to acknowledge the painstaking efforts of the ministry's executive staff, both to educate me during my initial period with the ministry and to carry on with the ambitious and thoughtful corporate strategy for our ministry in the province.

The field of corrections is not one that lends itself easily to literal description. It is something that really needs to be experienced to be fully understood. I would hope none of my critics has fully experienced in any firsthand way—

Mr. Chairman: A weekend or something.

Hon. Mr. Ramsay: Yes, maybe a weekend or something; nothing directly, I hope.

To a reader, a term of probation might readily be construed to be getting off lightly. To a reader, jail could be understood to be so much bricks, mortar and steel. Even the term "offender" on a printed page can easily conjure up the image of a distinctive breed of lawless person devoid of any human feeling or conscience.

I would like to try to convey to you today a sense of what corrections is really like and an idea of the general directions in which this ministry is moving in order to make our correctional system more responsive to the changing needs and expectations of the people of this province.

The ultimate goal of the Ministry of Correctional Services is to help protect society from the effects of unlawful behaviour. Its efforts to achieve this goal take a number of different forms. The traditional sanction of imprisonment for unlawful acts has gradually been augmented by the use of a variety of alternatives to incarceration including probation, a term of supervision in the community instead of imprisonment; parole, a term of community supervision as a condition of early release from an institution; and various forms of temporary release and early release from incarceration

generally accorded to those who hold jobs, go to school or otherwise demonstrate serious intent to avoid conflict with the law.

The development of community alternatives has been sparked by a number of factors, including the escalating cost of incarceration, a greater recognition that imprisonment is simply not a suitable sanction for everyone who comes into conflict with the law, the growing body of professional opinion supporting the rehabilitative potential of community-based programs, the increasing tendency of the courts to issue short sentences and the growing public and professional scepticism as to the value of incarceration as a means to protect society over the long term.

One additional factor I might add that has also contributed to the growth of community-oriented sanctions is the arrival of the Young Offenders Act, with its strong emphasis on minimizing intervention in the lives of offenders. I should say this ministry supports the philosophy of the Young Offenders Act and we are working with other ministries in this government, other provinces and the federal government on improvements to the legislation.

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Ontario's offender population comprises all walks of life—all social, economic and ethnic backgrounds—but a high concentration of the ministry's clients represents society's most disadvantaged classes: the poor, the undereducated, the homeless, the unemployed, the developmentally handicapped and psychiatrically impaired, and others who generally lack the basic life and social skills many of us take for granted. Many indicate long histories of alcohol and drug abuse, an inability to cope with the demands of an increasingly complex society and remarkably low self-esteem.

There were approximately 73,000 admissions to the correctional system last year, about 66,000 as adults and about 7,000 as young offenders aged 16 and 17 years. These admissions represent a wide range of offences from murder to bylaw infractions.

Most of those who came under the ministry's supervision were admitted on remand to one of Ontario's jails, detention centres or young offender facilities. Some of those admitted to detention were later released at court, either on probation or unconditionally with the finding of innocence. Others were deported or transferred to other jurisdictions. Those sentenced to prison terms of two years or more were transferred to the federal penitentiary system.

Approximately 47,000 were sentenced by the courts to periods of incarceration, ranging from one day to two years less a day, in one of the ministry's adult correctional institutions or young offender custody centres.

On any given day, the ministry is responsible for the supervision of approximately 52,000 offenders, of whom 87 per cent remain in the community on probation, on parole after having served part of their sentence in custody or on temporary absence to work or go to school.

Offenders sentenced to terms of probation under the Ministry of Correctional Services Act were required to report regularly to a case worker at one of 123 probation offices throughout the province. As conditions of their probation, as many as 33 per cent were required to complete unpaid community service work. Another 20 per cent were ordered to make direct restitution to the victims of their crimes. Still others were ordered by the courts to take treatment, attend counselling, refrain from criminal associations, avoid the consumption of alcohol or stay away from certain persons or premises.

Sentenced offenders were provided with the opportunity to take advantage of a wide range of rehabilitative opportunities including education, literacy training, work experience, treatment, life skills and pre-employment counselling, health care, recreation and social work services.

Offenders serving short sentences of up to four months generally remain in a jail or detention centre. Those with longer terms of up to two years less a day are classified to one of the province's nine adult correctional or treatment centres; or in the case of young offenders to one of the seven secure custody youth centres.

Many incarcerated offenders were released prior to the expiry of their sentence in order to facilitate a controlled re-entry into the community. Many adult offenders were released either on parole, at the discretion of the Ontario Board of Parole, or through an extended temporary absence arrangement administered by individual institutions. In all cases, early release was granted on condition of adherence to the law and specific rules set out in advance.

While more than half of all sentenced offenders ordered into the ministry's care were given institutional sentences, these sentences were uniformly shorter than the terms of community-based care. As a result, the proportion of offenders under supervision in the community is far greater than that of offenders in secure institutions. In fact, as I have said, approximately 87 per cent of those under our supervision are

not serving prison sentences. This makes corrections very much a community business requiring the attention and concern of all members of society.

The vast extent of our involvement with offenders in the community underlines the foundation of the ministry's long-term corporate directions. In 1987, cabinet gave general approval to a long-range corporate direction proposed by this ministry. This strategy called for the ministry to realign and further develop its programs in order to bring balance to Ontario's correctional system, a system that traditionally occupied itself with institutional care, but that has gradually become more and more involved with offender supervision outside of institutional environments.

The ministry's planning recognizes, first and foremost, that all offenders committed to correctional supervision either remain in the community or will be returned to the community within a very short period of time. Because of the limited time offenders are under supervision, it is clear that the protection of society is not going to be served very long or very well if we simply restrain or otherwise restrict the freedom of those under our supervision.

To have any real impact on the safety of society, protection has to be accomplished by addressing the needs of our clients through careful assessment, planning and thoughtful application of programs that have potential to reduce the likelihood that offenders will continue with unlawful behaviour.

The ministry's corporate plan recognizes that positive rehabilitative intervention is both feasible and desirable for a great many offenders, and most particularly for those with psychiatric and psychological problems, substance addictions, educational deficiencies, underdeveloped social and life skills and lack of work experience.

It is recognized that the success of such intervention is increasingly dependent upon a full and efficient utilization of resources both within and outside the ministry's immediate control. This means expanding our network of contracted services and encouraging new partnerships with community agencies. It means strengthening our network of volunteers, presently more than 4,500 individuals who share their time, talent and caring in our probation offices, with our community residential programs and in our institutions.

It also means maximizing the effectiveness of our own internal resources, ensuring that the people who have the most frequent and potential-

ly the most effective contact with offenders are equipped with the skills, training and resources they need to be of maximum benefit to their clients.

The ministry's overall strategic directions contain three major components: a five-year to seven-year program to establish new and expanded community alternatives to incarceration; a 15-year program of facility development, upgrading, renovation and expansion to meet our needs for regional treatment centres, adult facilities and young offender centres; restructuring of ministry treatment capabilities to deal with the needs of offenders suffering from psychiatric, psychological and behavioural disorders.

New and expanded community programming continues to be a major priority.

Projected requirements for bed spaces indicate that given current sentencing practices, an additional 2,800 beds will be required for the ministry by the end of this century. It is clear, however, that incarceration is neither necessary nor beneficial for many offenders, particularly for those who may be serving sentences for nonviolent offences. In order to accommodate the projected increases, we are proposing to provide 1,100 new bed spaces and at the same time accelerate the development of services in the community that would meet the needs of offenders who do not pose an undue risk to others.

We strongly support the view of professionals in many jurisdictions that community-based supervision and rehabilitative programming is a viable and desirable option for many offenders. Remaining in the community enables the person to maintain family ties and to deal with personal responsibilities in a "real world" environment. It also enables contact with the many social services already existing in the community that can help people get on with their lives.

For offenders who require more guidance and supervision, the ministry will be expanding the use of community residential services. We in the provincial system are taking a sensible and responsible approach to the development of community residential services for offenders under provincial jurisdiction.

This ministry, in consultation with our agency partners in the community, has just formalized and is in the process of implementing detailed standards for the development and operation of these services. This is being done not only to ensure consistent quality in the provision of services by contracted agencies, but also to

provide clear information to the prospective suppliers of such services.

Despite our emphasis on the importance of community alternatives, detention and custody will continue to play an important role in the justice process. As part of its long-term directions, the ministry has acknowledged the need to protect its sizeable capital investment in secure facilities by embarking on a 15-year plan to upgrade and refurbish our institutions. Combined, these facilities have an estimated replacement value of more than \$1.2 billion. Maintenance of this stock is vital to ensure that this need will continue to be met. Fourteen of our jails were built during the 1800s and some are over 150 years old.

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While still structurally sound, most of these jails are in need of ongoing care, including some extensive efforts to upgrade plumbing, electrical service and ventilation. In order to accommodate a modern approach to offender rehabilitation, a large number of these facilities require the addition of activity space where rehabilitative programs, including counselling for drug and alcohol abuse, psychological and psychiatric treatment and educational tutoring, can take place.

The development of a consistent and comprehensive approach to the treatment of offenders with psychological, psychiatric and behavioural disorders remains high on this ministry's agenda for the near and long-term future.

We have identified an increasing number of those admitted to correctional supervision as being in need of treatment for problems which may well be contributing to their conflict with the law. Development of this ministry's treatment capability has progressed through the expansion of existing facilities. Our provincial treatment centres include the Ontario Correctional Institute—Brampton, the Guelph assessment and treatment unit, the Vanier treatment unit offering services for women and the treatment unit at the Millbrook Correctional Centre for male offenders with pronounced behavioural problems.

As well, we have undertaken the planning of a number of regional treatment centres which will facilitate the delivery of general treatment services in all regions of the province. The first of these, an 84-bed assessment and treatment unit, opened in 1986 on the grounds of the Rideau Correctional and Treatment Centre.

Overall, I believe we have made some substantial progress towards achieving the balance which is envisioned in our corporate

directions. Community programming has expanded on a number of fronts, including the addition of a wide range of drug and alcohol counselling and awareness programs, community-based treatment services, community service order and restitution programs, as well as the development of residential alternatives to incarceration.

For young offenders, a number of open-custody residences were opened in accordance with provisions of the Young Offenders Act. Also in the area of open custody, new standards were established for the training of personnel employed by residential agencies under contract with the ministry.

Correctional Services joined forces with 10 other ministries to combat the increasing incidence of family violence. Funding was provided for the expansion of treatment programs for male batterers in nine locations throughout the province. This brings the total number of spouse assault programs which are fully or partially supported by this ministry to 16.

The ministry has made a serious commitment to improve the standard of care and supervision provided to community-based clients on remote northern native reserves. We will be providing greater support to native community correctional workers who provide supervision and counselling services on a part-time basis. This support will come in the form of greater remuneration and better training for native workers.

We will continue to build partnerships with the native groups and associations of this province. Together, I believe we can develop and deliver culturally sensitive correctional programs for native offenders with an emphasis on the greater involvement of native people in delivering these programs.

In exploring new alternatives to imprisonment for nonviolent offenders, the ministry has decided to undertake a pilot project to assess the use of electronic monitoring for selected individuals who may benefit from being allowed to remain at home, but who may not otherwise qualify for regular temporary absence. The development of community-based sanctions will continue to be an urgent priority as we move into the 1990s.

In the way of institutional upgrading, 11 of Ontario's oldest jails received important upgrades during the past year. The replacement of security doors and related hardware with new doors equipped with electrically activated locking systems has created a substantial improvement in the level of humane care provided by those jails. Additional modifications, including

additional program space as well as new day-room furniture, lighting and sanitary facilities, were also made at these locations.

We are proceeding with the construction of a new young offender secure custody centre on the grounds of the Thunder Bay Correctional Centre. The Thunder Bay Youth Centre will provide a permanent base for youth custody services for 16- and 17-year-old offenders from northwestern Ontario.

The ministry added to its stock of young offender facilities with the expansion of its original secure custody centre, the Bluewater Youth Centre in Goderich, and the addition of three custody centres which were transferred from the Ministry of Community and Social Services. The three facilities, which have undergone or are presently undergoing modifications to accommodate the needs of the 16- and 17-year-old client group, include Sprucedale Youth Centre in Simcoe, Brookside Youth Centre in Cobourg and the Cecil Facer Youth Centre in Sudbury.

Just over a year ago, I announced a number of measures which were being taken to increase our treatment capabilities by the addition of beds at the Guelph assessment and treatment unit and by the development of a new 24-bed treatment unit to meet the particular needs of female offenders at the Vanier Centre for Women in Brampton. I am pleased to report that these additions to our treatment capacity have been substantially completed.

In addition, construction is about to get under way on our northern treatment centre, located in Sault Ste. Marie. This 96-bed centre is being built and will be operated by the province, but will be jointly funded for its construction and operations with Correctional Service Canada, which will be using 50 per cent of the beds. This cost-sharing arrangement was brought about through extensive negotiation with the federal government. The result was an exchange of services agreement with the Solicitor General of Canada, which I signed on behalf of the ministry last spring.

The northern treatment centre will serve offenders from all over northern Ontario, and will include a treatment unit for women. The centre is expected to cost approximately \$13 million and provide over 100 jobs for psychologists, psychiatrists, social workers, nurses, correctional workers, administrators and support staff in a comprehensive treatment environment.

We have also announced our intention to develop a regional treatment facility in south-

western Ontario and we will be exploring our options for that during the coming year.

To promote professional interest in the field of correctional treatment and to create new ties with the therapeutic and academic communities in this province, we have embarked on a program of funding for a number of psychiatry residency positions and psychology internships for post-graduate students of Ontario universities. We hope that by establishing direct working links with these groups we will be able to encourage a continuing flow of talented professionals into the field of offender treatment and rehabilitation.

Throughout the process of planning for the future needs of this ministry, there is a recurring sense of two distinct demographic realities in this province: the densely populated Metropolitan Toronto region, which is characterized by a widely fluctuating demand for services; and the rest of the province, which maintains a relatively stable demand.

In order to relieve periodic population pressures at some of our Metro Toronto area adult institutions, we recently converted 68 custody beds at the Mimico Correctional Centre for use by adults awaiting trial, sentencing or other judicial proceedings. These beds will be used for lower-risk offenders who, if sentenced by the courts, would likely be classified to Mimico Correctional Centre or another Metro Toronto area custody facility.

These are some of the highlights of our achievements over the past year or so, and I believe they speak well of the diligence of the ministry's staff in pursuing its long-range goals.

We continue to face a number of challenges and opportunities as we proceed to carve out long-term strategies for the ministry. A disproportionate fear of violent crime among the public is one area of concern. Such fear may be at least partly responsible for some of the reluctance we have experienced by communities to accept community-based residential programs into their neighbourhoods.

We have been addressing public fear and misunderstanding about crime, criminality and the correctional process through our public outreach efforts. The ministry's speakers' bureau, consisting of more than 275 participants from all occupational groups in the ministry, has made direct public presentations to more than 35,000 individuals across the province. Through the participation of speakers' bureau members in local cable telecasts throughout the province, we have reached a potential home audience of possibly hundreds of thousands of citizens.

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The broadening of community-based correctional services faces some other potential hurdles as well. We have been reading with great interest some of the working papers issued by the Correctional Law Review as part of the overall criminal law review process taking place in Canada right now. We have also been reviewing the findings of the Daubney committee with respect to the criminal justice process in Canada and studying the impact of the Canadian Sentencing Commission report issued by Mr. Justice Archambault in 1987.

While these are federal initiatives reviewing federal laws, there can be no doubt that the adoption of many of their recommendations would have an impact on provincially run correctional programs. Clearly, however, federal and provincial jurisdictions deal with vastly dissimilar client groups which pose very different levels of risk to the community. In view of these differences, we have urged law reformers to consider carefully that what is good for the feds may not necessarily be good for provincial corrections.

We believe that discretionary early release, including both parole and temporary absence in the case of adults and temporary release in the case of young offenders, is a valuable and important tool for assisting offenders with their re-entry into the community on a planned and controlled basis. In Ontario, these programs are applied carefully and responsibly with the ultimate goal of long-term public safety and security in mind. We believe the statistics for these programs speak eloquently for themselves.

The ministry has made representation to Ottawa, and we will be continuing to promote full and frank discussion with key players in the law reform movement in Canada, with a view to smoothing the way for the wider development of community correctional programs in Ontario.

Not least of our challenges over the coming year will be the relocation of the ministry's main office, including about 325 full-time jobs, to its new headquarters in the city of North Bay. This is an extremely exciting time for the ministry and we are looking forward to our move, which is scheduled to get under way beginning next fall.

This ministry continues to place a high premium on the human rights of both offenders and staff to be treated with dignity, courtesy and professionalism regardless of their gender, religion, race or cultural background. As the provincial government's fourth-largest employer, we clearly recognize our role as a leader

in promoting human rights, and this is a cornerstone of our substantive staff training and development curriculum.

Like many other branches of this government, we have made some real progress in reaching out to women, francophones, disabled persons and ethnic minority groups, both in our hiring and in our public information programs. We continue to be committed to the development of a corporate structure and an operational philosophy which are capable of adapting to the changing mosaic of our society.

It is inherent in the philosophy of our ministry that the best protection we can offer society is in releasing offenders from their period of supervision better able to cope with the responsibilities of citizenship than when they came into our care and control.

Through a sustained emphasis on treatment, education, humane care and the development of quality social and residential services in the community, I am confident that we can continue to move forward in building a responsive and responsible correctional service for Ontario. Thank you, Mr. Chairman.

Mr. Chairman: Thank you, Minister. We had anticipated, when we looked at the number of pages, that it would take longer than it did. Mr. Cureatz, are you content? You are the critic for your party, are you not?

Mr. Cureatz: Yes.

Mr. Chairman: All right then, no problem. Mr. Sterling was here, though. What was Mr. Sterling's function?

Mr. Cureatz: I am substituting. Is he not a member of the committee?

Clerk of the Committee: Yes, Mr. Sterling is a member of the committee.

Mr. Chairman: You are substituting for him. All right. We can continue. Mr. Farnan and Mr. Cureatz, being the critics of Correctional Services, will have the opportunity to question. For those of you who have not done estimates—I presume we have all done estimates, have we? Everybody?

Mr. Mahoney: More than we care to think about.

Mr. Chairman: Okay, so you guys just sit there and listen and we will start first with the official opposition. Mr. Farnan, proceed.

Mr. Cureatz: Could I ask how long my colleague plans on going?

Mr. Farnan: I am not sure, but it would be some time longer than the minister.

Mr. Cureatz: Are we concluding at 5:30 and continuing tomorrow afternoon? Is that the drill?

Mr. Chairman: That is right. Sorry, at 5:30 what we are going to do is try to set our schedule, which was previously set by the subcommittee with some difficulty. We felt we would proceed with this first and then go on to that.

Mr. Farnan: It seems to me that the main mandate or goal of the minister should be to modernize our prison and corrections system. Certainly I am impressed with the overall approach and the statement of policy. However, I do believe that we should be striving for a more dramatic reduction in the rate of incarceration that exists.

I believe Canada has one of the highest incarceration rates in the world. I am not sure where Ontario stands in the list, but it is essential that our philosophy, while aimed at reducing incarceration and looking at alternative programs, address the situations of overcrowding and understaffing. I do not think we can correct these situations until we start to make alternative programs an integral and key part of the ministry's activities.

In examining our corrections system, I have come to the conclusion that meaningful, progressive change can come about only when our common problems and concerns are addressed in a co-operative manner. It is essential that the Ministry of Correctional Services and the Ministry of the Attorney General get their acts together. Failure to do so results in working at cross-purposes and failure for our system of justice as a whole. An example of this is the backlog of cases before our courts, an issue that indeed was raised in the House just today; cases are being dismissed because of protracted delays in the court system.

The cynic might observe that we do not wish to deal with this backlog because our prisons are already overcrowded. Indeed, that will be the major item I intend to address, the first item. It is a serious problem in a number of Ontario correctional institutions—the Don Jail, the Metropolitan Toronto East Detention Centre, the Metropolitan Toronto West Detention Centre and the Whitby Jail—and I believe it has been the same at the Thunder Bay Correctional Centre and the Bluewater Youth Centre.

Such high-density incarceration is undesirable for several reasons. It is costly, inhumane and creates tension among inmates. This in turn increases the likelihood of violence against staff and other inmates. I believe the ministry recognizes and is concerned about the problem of

overcrowding and is currently projecting a substantial increase in the number of prison cells that will be necessary over the next five years.

Indeed, the estimates briefing material indicates that prisons in Sudbury, the Sault and Brantford will be expanded to relieve overcrowding. But building larger prisons, and this despite the ministry's oft-stated commitment to finding alternatives to incarceration, is not the answer.

The solution to the problems of overcrowding in our prisons lies in reviewing current sentencing practices and in making proper use of alternative programs originally initiated as an alternative to prison but now used as an additional community sanction applied to those who would have been in the community anyway. We need more community-based alternatives to incarceration for nonviolent offenders.

Incarceration, as experts have pointed out time and again, is debilitating, not rehabilitative. It should be used only to protect the public from dangerous offenders. It is also more expensive to the taxpayer, between \$20,000 and \$50,000 annually per inmate. Yet Canada continues to have one of the highest incarceration rates in the western world; plus, between one third and one half of provincial prisoners are fine defaulters and 90 per cent of criminal offences are nonviolent.

In this light, when we look at the statistics that are given in the minister's address, where he talks in terms of 87 per cent of people not being held in custody, I think the figure is put into its proper perspective when one notes that approximately 50 per cent of those admitted to provincial institutions under sentence serve 30 days or less. This group of people constitutes approximately 11 per cent of the total prison population on any given day. What this means is that if front-end alternative programs could be developed to divert this entire group from detention, the prison population would be reduced by 11 per cent across the province.

1700

While advances in the use of alternative programs may well be lost if we do not exercise some control on sentencing, indeed it is not the absence of community options that has resulted in the substantial prison population in Ontario; the problem is the unwillingness of the judiciary and correctional officials to use community alternatives.

The average term of imprisonment in Ontario is approximately 108 days. If this average sentence were reduced by 10 per cent, that is approximately 10 days, the current prison

crowding problem in provincial correctional centres would be virtually eliminated. It is hard to imagine how reducing the average sentence from 108 days to 98 would put the community at serious risk.

Clearly, the real potential to control the use of imprisonment falls in the area of sentencing. The potential impact of correctional policy is likely to be marginal and any success correctional authorities might have in depopulating the institutions is likely to be lost through slight fluctuations in sentencing policies.

Canada has had the benefit now of the report of the Canadian Sentencing Commission, which has proposed sentencing guidelines. The provincial government, through the Ministry of Correctional Services and Ministry of the Attorney General, should lobby the federal government to establish sentencing guidelines along the lines proposed by the sentencing commission. The only alternative left to corrections is to continue to attempt to bail out of the situation with a much greater dependence upon incarceration than is required.

Bearing in mind the sentencing commission's recommendations that narrower and lower sentencing ranges be established, the ministry must realize that direction would almost certainly mean an increase in the number of offenders under provincial supervision and heighten the urgency of reducing the number of nonviolent, short-term inmates currently incarcerated.

Another aspect of overcrowding is the weekend bulge. Overcrowding in many detention facilities occurs on the weekends as a result of the influx of intermittent-sentence prisoners. These are normally nondangerous, alcohol-related offences such as driving offences. I believe the John Howard Society in the Niagara region has had some success with a program whereby intermittent-sentence prisoners receive temporary absences to work at a community-based organization, in that case the Henley Rowing Club, sanding and finishing rowing boats.

This program allows for meaningful work for a community organization while alleviating population stress at the detention centre. It is common knowledge that otherwise these prisoners pass their time playing cards, sleeping or otherwise wasting time. The economic benefits are obvious. On the other hand, these prisoners might benefit from alcohol-related and drug-related treatment or information programs available in the community but not normally available in the jail on the weekend.

I think the public requires some education on the current state of affairs related to the purposelessness of housing these people for the weekends. Despite some deterrence benefit that might accrue on the first visit to the institution—I think there is a shock value in that first visit—simply to go there on intermittent stay over the weekends and simply to waste time without any program is meaningless. After the initial shock, it is debatable as to the benefits to the community or the individual.

If the ministry is serious about its principle stated in the briefing material on page 3, "Whenever appropriate and possible, correctional programs should be community-based," it will make a more vigorous effort to address the serious underfunding of alternative programs.

An example that comes to mind is the Toronto Bail Program, which is in dire need of more money to be able to continue to provide an effective economic alternative—it costs \$2.65 a day to supervise someone under the bail program and \$45 a day to keep him in prison—to pretrial detention for the many people who cannot afford to post the bail necessary to keep them out of jail.

In view of the vital function performed by the bail program, its request for a 15 per cent increase in funding is not unreasonable. We also recommend that bail workers receive pay equity with their counterparts in the parole and probation offices and that the ministry expand the bail program to other courts in Ontario.

I believe the ministry has in the past received a barrage of letters from criminal lawyers criticizing the budgetary stringency of the ministry and the low salaries paid to bail workers, most of whom perform practically the same duties as parole officers but earn less. They demanded the ministry increase funding to the program and increase the salary of these bail workers.

The only real alternative to incarceration offered by the ministry in the past year, and the minister makes reference to it in his brief, is the concept of electronic monitoring, that is house arrest; which, as the New Democrats have said on several occasions, is both dehumanizing and of little rehabilitative value. It may be less humiliating than prison, to be sure, but if one of the objects of correctional supervision is to rehabilitate offenders, it is not clear how electronic monitoring will achieve anything more than relieving overcrowding.

Instead of saying, "We do not know how to deal with this class of offender so we will incarcerate them in their homes and monitor them electronically," the minister should be

creating alternatives to incarceration, alternatives that include rehabilitative programs. I think that is fundamental.

New Democrats are obviously very concerned about the ministry's plan to implement this pilot electronic monitoring project in Ontario. It has been promoted as a program that would be an alternative to incarceration, but it is naive to believe electronic monitoring will in the long run be an alternative to imprisonment. The introduction of electronic monitoring simply makes available a very inexpensive way to turn any home into a jail. The potential for massive expansion of the system of social control is very great; the potential to reduce the prison population seems quite small.

The proposal of the government is to use electronic monitoring to reduce the use of imprisonment, yet at the same time it has extremely limiting criteria as to who could participate in the program. If it is to be used very selectively, then its impact on incarceration would be minimal. If the criteria are so selective, why would these people be in prison at all and why are there not rehabilitative programs within the community rather than making them prisoners in their homes?

If it is not to be used selectively, then its potential to be used on those who would not be incarcerated is very great. In other words, it has enormous potential to harm and minimal potential to help. Other alternatives could be used so long as there was some willingness to do so.

1710

I am also somewhat concerned about the manner in which this particular program was introduced. I have a memorandum in my possession. This memorandum from Graham Stewart to Geoff Dubois, dated November 14, 1988, reads as follows:

"In October, the ministry informed the agencies that no particular initiatives were under way to introduce electronic surveillance in Ontario and that the ministry was simply monitoring the electronic surveillance program currently being used in British Columbia.

"Within weeks, the minister called the John Howard Society of Ontario office and spoke with Bill Sparks, at which time he said that an announcement would be made with regard to electronic surveillance within hours.

"It now appears that the ministry has prepared substantial policy analysis which presumably was advising that electronic surveillance be introduced, but the minister refuses to share that documentation."

Indeed, this organization, the John Howard Society, had requested of the minister, or of the ministry, that these documents be made available.

"If the ministry has done a proper analysis of the problem and has carefully analysed the social policy and there is a sound rationale for the introduction of electronic surveillance, then there is no reason in my mind why the documents which articulate this should be secret. I am concerned that all of the consultation is really simply a public relations mechanism intended to divert potential critics."

It is rather disturbing that on the introduction of an issue with the potential impact of electronic surveillance, the ministry would not be prepared to share that documentation, that analysis, with the professionals in the field.

The memorandum continues, "I think that the ministry needs to be told that unless they can provide documentation which is convincing that electronic surveillance is the best alternative to be used, and that its use can be contained in the future, that the John Howard Society will oppose the measures vigorously."

Certainly, on philosophic grounds, I can agree with the John Howard Society in opposition to electronic monitoring. In the manner of proceeding, I can agree this is an unworthy manner in which to introduce a major initiative.

I think there is a need for some openness. I believe this quote from the same memorandum sums up the whole process. It says, "It certainly makes the whole process of consultation and discussion questionable if the policy analysis that the ministry has done cannot be scrutinized." Offering it for scrutiny after the fact is unacceptable in my view.

On the matter of the fine option and the number of fine defaulters entering institutions in Ontario, I believe something up to 30 per cent of all admissions are due to fine default. Again, there is limited deterrence value in this approach, but rather a large tax burden.

In Alberta, for example, a large number of inmates, especially fine defaulters, are released on a temporary absence program and with each year the rate of recidivism for those on such programs decreases. Since 1976, an average of less than one per cent of those released under TAP have committed other offences.

Both Alberta and Saskatchewan have developed successful fine option programs in which fine defaulters are not sent to prison but are required to do community service work. Ontario, by contrast, has only two fine option pilot

programs in operation; in Niagara and Hamilton. The first is run by the John Howard Society and the second by the Elizabeth Fry Society, but there does not appear to be any advancement across the province.

We could ask, is this because of fear of lost revenues, deterrence or what? A better approach might be for the Attorney General (Mr. Scott) to instruct crown counsel and the judiciary to inquire at the time of conviction about the offender's ability to pay and/or recommend community service work instead of a fine.

The Alberta Solicitor General has had much success with the fine option program whereby offenders work their fines off in both the community and institution at the same rate as minimum wage.

Fine options should, on principle, be available. It seems only fair that if a person cannot pay a fine, some alternative other than incarceration be made available. I think the minister will agree with me that there are far too many people sitting in our detention centres and jails who basically do not take the fine option and are simply causing overcrowding and an expense to the taxpayer.

The use of day fines in collecting unpaid fines through civil procedures would be much more effective in reducing the use of imprisonment for fine default. A day fine system is one in which a person is fined according to a day's income rather than an absolute number of dollars. The obvious advantage of this is that the fine is geared to income. I think this is something New Democrats feel very strongly about.

Poor people would have small fines that would be more manageable for them and rich people would have fines that would be taken more seriously. Certainly, when a specific dollar figure is assigned to a fine, the implications and the impact of that dollar figure on an individual who is working at the poverty line, as opposed to somebody who is earning a much more substantial income, are much greater.

It is doubtful that the implications of the recommendations of the Canadian Sentencing Commission, if that is to ever take place, would result in increased cost to the Ministry of Correctional Services. Indeed, their implementation would likely reduce the cost of operation, for whereas there would be some people in provincial jurisdiction who otherwise would be under federal jurisdiction, they would be relatively few in number. At the same time, the use of incarceration within the provincial system would be reduced substantially through generally re-

duced sentence length and nonincarceration for fine default.

These changes in sentencing would result in the true displacement of people from incarceration to community supervision rather than simply an expansion of community supervision.

In terms of prison conditions, over the past year inspection panels have reported favourably upon prison conditions in Ontario, for which the ministry deserves praise. There have been exceptions. I do not want to dwell on the exceptions; I merely want to point them out.

In the Barrie Jail, Mimico Correctional Centre, Thunder Bay Correctional Centre, Guelph Correctional Centre, Vanier Centre for Women, various instances have arisen. In July 1987, my predecessor as the NDP critic for the Ministry of Correctional Services raised the issue of prison conditions in the Legislature and asked the then minister, Mr. Keyes, to compose an inventory of outdated prisons and correctional institutions.

1720

I think the minister has somewhat addressed that in his brief today, but I would request that he provide an up-to-date inventory of our prisons detailing their conditions and his proposed timetable for addressing deficiencies, and that this be province-wide so that the critics and the members will be able to have a broad-canvas view of the state of the stock and also be able to examine how it reflects in their own local area.

The next issue I would like to address is solitary confinement. I have some concerns in that area. In 1987, a study by the legislative research service indicated that in Ontario solitary confinement is used for punitive and nonpunitive reasons and that people can be confined without the ministry's knowledge under the Ministry of Correctional Services Act for up to 30 days and placed on a restricted diet.

This is possible because of the ambiguous legal grounds for confinement. According to the Ministry of Correctional Services Act, prison officials may place inmates in solitary confinement for serious misconduct. Because this can be defined very broadly, prison authorities possess a great deal of personal discretion and can confine inmates for almost any reason. Inmates may also be segregated for indefinite periods of time at the discretion of the superintendent and the inmate has no opportunity to appeal or question this decision. The only restriction is that the ministry must be informed if the segregation is for a term greater than 30 days.

With respect to psychiatric impact, recent studies indicate that, depending on the personali-

ty type, solitary confinement may have significant, albeit transient, psychological effects such as high anxiety, hypersensitivity, perceptual distortions, thought disorders, confusion, speech impediments, paranoia and a tendency towards violent outbursts. The more severe the confinement, the more extreme the symptoms. Having worked within the corrections system myself for two years in Quebec, I can bear witness to all of that.

The report goes on to recommend that more research be conducted into the impact and utility of solitary confinement; that central monitoring of its use be increased; that due process and prisoners' rights to counsel be respected to ensure that nonpunitive segregation is not abused by the wide discretionary powers of prison officials; that confinement be made less harsh by eliminating restricted diet, for example; that indefinite stays be eliminated, and that the ministry devise a more precise definition of serious misconduct.

I raised this issue with the minister in the Legislative Assembly and pointed out the potential for abuse that exists under the present system of regulation, whereby an inmate could serve months in solitary confinement as long as it was broken into blocks of 30 days or less and the administration of the prison would not have to seek ministry approval, nor would they have to inform the ministry.

I think if the minister has not already addressed this issue, it certainly needs to be addressed. An inmate, at the discretion of the superintendent, could indeed spend the vast majority of his sentence in solitary confinement simply broken up into units of less than 30 days, and this could happen without your knowledge and without the knowledge of your ministry. That is frightening. It is a terrifying thought.

The federal corrections system has more due process provisions for the use of segregation than the provincial system has. In federal prisons, disciplinary courts are chaired by independent chairmen from the community. There are regular reviews of those who are in segregation and clear limits on the grounds for which they can be placed there and the time that they spend in these conditions.

Inmates have the right to proper notice, legal representation, etc. It is untenable that at the very minimum the same kind of procedural safeguards would not be respected in the provincial system. There is no doubt that when the use of segregation falls entirely within the hands of

administrative personnel its use becomes too easy for them to justify.

Therefore, I would encourage the ministry to not only conduct further research into the utility and long-term psychological impact of solitary confinement but also increase its monitoring of this inhumane practice; reduce the harshness of confinement; institute measures to ensure that due process and prisoners' rights to counsel be respected, and introduce amendments to the Ministry of Correctional Services Act restricting the wide discretionary powers of prison officials with regard to segregation of all kinds.

In the matter of inmates' rights to privacy in prisons, this is becoming an increasingly important issue as the number of male and female correctional workers employed in institutions for inmates of the opposite sex increases. Over the past year, several male inmates have complained about being strip-searched in front of female guards. Thus far, the ministry's response to this concern among inmates has been, in some instances, to transfer those who complain to less desirable facilities or to place them in isolation.

The opportunity for invading the privacy of inmates of the opposite sex is equally present in correctional institutes for women. Although hiring practices within the ministry should continue to avoid sexual discrimination, the individual's right to equal employment must be balanced with the inmate's right to privacy and human dignity.

This can be achieved by restricting the movements of correctional workers within prisons for inmates of the opposite sex to areas of the prisons where they will not infringe on the privacy of the inmates. All nonmedical staff, for example, should be forbidden from witnessing or conducting strip searches of inmates of the opposite sex and should not be permitted to conduct surveillance in dormitories or washroom-shower areas of the same.

In addition, we are concerned that the growing number of female correctional workers in male institutions will be accompanied by increased tension among inmates, more incidents of assault against staff and greater stress on staff as a result. The opportunity for sexual abuse is even greater in female prisons with male guards.

Another issue which arose in 1987—I will leave that particular instance out. Mr. Chairman, can we close and pick it up tomorrow?

Mr. Chairman: Yes, I am sorry. It is 5:30. How much time have we expended thus far?

Clerk of the Committee: An hour and five minutes.

Mr. Chairman: And we have a total of what, six hours? Okay, we will do that. We agreed to do that. If the minister will come back tomorrow after routine proceedings or whenever.

Hon. Mr. Ramsay: Okay.

Mr. Chairman: Thank you very much. I appreciate your attendance. In light of Mr. Farnan's lengthy presentation, perhaps we will

have a five-minute break for those who indulge in that filthy habit. We will adjourn until 5:35. I see Dalton rushing out there to indulge in that dirty habit.

The committee recessed at 5:28 p.m.

The committee resumed to consider other business at 5:37 p.m.

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Ramsay, Hon. David, Minister of Correctional Services (Timiskaming L)



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Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Administration of Justice

Estimates, Ministry of Correctional Services

First Session, 34th Parliament

Tuesday, January 24, 1989

Speaker: Honourable Hugh A. Edighoffer

Clerk of the House: Claude L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Tuesday, January 24, 1989

The committee met at 3:28 p.m. in room 228.

ESTIMATES, MINISTRY OF CORRECTIONAL SERVICES (continued)

Mr. Chairman: We will resume. Mr. Farnan, you were asking questions of the minister. Would you like to proceed?

Mr. Farnan: I will continue and I will try to go through this material at a little quicker pace.

I want to address the issue of acquired immune deficiency syndrome in prison. We are pleased to note that since the last estimates debates the ministry has taken certain measures to protect correctional staff from the possibility of infection by inmates with AIDS and has established a committee to study ways of preventing the spread of the disease. I am not sure if the committee has submitted its report and what ongoing steps are being taken and if it will remain in place. I think it is an issue that is of great concern both to the prison staff and the prison population.

The ministry should be commended for expanding its educational program capabilities in several institutions, such as the Bluewater Youth Centre where 93 per cent of young offenders participate in academic and vocational courses, and across the province remedial reading, writing and speaking programs are being expanded to a variety of locations to help approximately 40 per cent of inmates who suffer from illiteracy.

Also, I think laurels are deserved for the growing awareness and assistance demonstrated by prison and correctional workers towards native inmates.

There is research now, some of which has been conducted by the staff within the provincial government, that has identified certain types of programs which appear to actually reduce recidivism. Most prisoners in the provincial system spend relatively short periods of time in prison and it is unrealistic to expect major changes to take place within these short periods.

With this in mind, it is interesting that the Ministry of Correctional Services has been prepared to spend substantial amounts of money for treatment while people are in the institution, but very little when they are released. Aftercare services, whether voluntary or through governmental services, for those who have been in

provincial institutions are minimal. The John Howard Society believes strongly in voluntary aftercare—as does, I hope, the ministry—and there is room for services which are available on a personal, voluntary and confidential basis and which focus on social adjustment in the community.

While there may have been some advancement in programs for inmates, it remains my impression that a significant percentage of all inmates is engaged in meaningless make-work programs or the day-to-day operations of cleanliness in prison facilities. This may be beneficial to administration, but there is little to prepare offenders for life in the community. In fact, there is probably a built-in incentive on the part of the administration, I would suggest to the minister, to keep the prisons full with low-risk, co-operative inmates in order to fulfil operations of cleanliness.

Very little is done in preparing inmates for release. At the very least inmates released from custody should have basic survival documentation in their possession—birth certificates, social insurance numbers, hospital insurance cards and letters from the institution verifying their release date—so that welfare authorities can initiate processing where appropriate.

Prerelease programs offered by agencies like John Howard could be expanded through funds from government. It remains a fact, though, that many offenders are released without minimum guidance and support, which ultimately augurs against their successful reintegration.

Very briefly, I would like to touch on the fact that in February 1988 the Elizabeth Fry Society made a submission to the standing committee on finance and economic affairs and outlined the following criticism of the ministry's lack of commitment as evidenced by its funding policies for alternative programs to incarceration. They are talking specifically, I believe, of programs for women.

"Specifically, we are concerned that a number of alternative programs offered by certain of our member agencies among others have been continued in the status of experimental or pilot projects, in some cases for nearly a decade. In spite of the obvious popularity of bail supervision, community-service order, fine option and antishopping programs among correctional pro-

professionals and considerable economies to government where these programs have been implemented, most continue to be highly promoted by government as model programs but funded on such a limited basis that agencies are continually forced to make choices between turning away incredibly needy clients or subsidizing and/or supplementing such programs from their own meagre resources.

"It is our recommendation that the government of Ontario undertake an immediate comprehensive review of all such programs with a view to regularizing and funding adequately all those which meet both professionally agreed standards and a clear community need."

My own experience in visiting correctional institutions has reinforced yet another observation of the Elizabeth Fry submission, the same submission of February 1988. I quote:

"Another area of practice which we believe discriminates particularly against women is the invocation of small numbers to justify the failure to provide equivalent programming for women and men at the vast majority of the province's regional jails and detention centres. While we are sensitive to arguments about costs, we believe that many creative alternatives are available and we urge you and your government to pursue these alternatives actively."

As far as the cost goes, I think if you bear in mind the suggestions I gave in terms of reducing the overcrowding, we can find the funds to put into these programs. There is insufficient program evaluation. This is borne out by the Provincial Auditor in his 1986-87 annual report where he criticized the ministry for having done little evaluation of the effectiveness of rehabilitative programs, "Since the institutions had committed substantial amounts of money...and manpower to rehabilitate inmates, we felt that it was essential to have some idea of what results were being achieved."

For example, what percentage of former inmates are employed or in school? In short, some sort of feedback apart from the cold recidivism rate statistic is needed to assess the usefulness of existing programs. The ministry has agreed that this is a particular criticism and has said, "To implement the suggestions made by the auditors would entail an extensive post-release follow-up program which would be extremely costly."

I think not to evaluate the programs on the basis that it is costly to evaluate them does not make sense. If as a result of some kind of analysis the program can be shown to be effective, then

they can be reinforced and expanded. On the other hand, if they are shown to be not effective, they can be dropped. I think it is dollars well spent.

In the area of parole and probation, the Canadian Sentencing Commission's recommendation that full parole be abolished and replaced with a system in which the only form of early release would be earned remission, that is, mandatory supervision after at least three quarters of the sentence is served, deserves careful review and evaluation. The ministry's decision to publicly defend a parole system over the past year against the recommendations of the sentencing commission is certainly questionable in my mind, and this issue will continue to be debated.

What is most important about the sentencing commission's recommendation is that sentences overall would be shorter. The time saved from incarceration because of the shorter sentences would be far greater than the time saved from incarceration through parole and would be applied in a far more equitable and effective way.

Furthermore, the abolition of parole does not necessarily imply the abolition of community supervision or gradual release. Indeed, under the present system of parole we have experienced a trend of judges handing down lengthy prison sentences to compensate for what they and many others consider to be an overly lenient parole system. The sentencing commission addressed this issue very directly. They used this phenomenon as part of the rationale for the combined recommendations of abolishing parole as we know it and implementing strong sentencing guidelines.

The development and expansion of halfway houses on the federal scene has led directly to longer sentences and fewer paroles being granted. The simple fact is that discretion re parole is based on the prediction of future violence. When the statistics are carefully analysed, one finds that there is very little difference between the success of those who are given parole and those who are not. With this in mind, it is impossible to educate the people in the community to support parole when the assumptions on which parole has been based have been found to be erroneous. One cannot defend parole on the basis that it is particularly low-risk when in fact the risk appears to be about the same as for those who are not given parole.

A more constructive approach would recognize that everyone leaving prison needs and should have a period of gradual transition back into the community. If gradual release were not

based on assessment of risk or some sense of clemency but rather on the simple reality that a person needs aftercare assistance in order to become involved in the community, and in the case of the higher-risk people a more intense form of community supervision, then there would be greater community support.

Those people we worry about as being high-risk should not be left in jail until the day their sentence is completed and then released with nothing. Aftercare programs and treatment programs should be focused on these people as a priority in order to manage the risk in the community during the last portion of their sentence. Low-risk people need minimal supervision but should have voluntary aftercare services available to them.

Recent events have only served to inflame the issue of parole and the use of halfway houses. However, it is the high-risk individual who needs these transition support systems more than anyone else. The danger of the backlash to the housing of high-risk individuals in halfway houses will certainly increase the trend of using these facilities for low-risk inmates or individuals who could receive treatment and support in the community.

1540

In terms of officers' case loads, it is encouraging to see that, according to the ministry's statistics, parole and probation officers' case loads have fallen in the past year, but we are concerned that the changes to the parole supervision which the ministry announced last spring may have lowered the overall level of service for parolees.

As a result of those changes, parolees under high-level supervision will now be reclassified to medium-level supervision sooner. These parolees need only report once a month to their officers instead of twice, provided they have participated in a self-help program of some sort. In short, it appears that parolees who should be seeking counselling from various agencies as a requirement of their conditional release are being induced into doing so with the offer of less supervision.

We are concerned, therefore, that while case loads are being reduced, the time spent with each parolee is also being reduced, thereby nullifying the positive effect of expanding parole services and reducing case loads.

Furthermore, the estimates briefing material indicates that the average case load for parole and probation officers of young offenders is 115 persons. This compares with a 73.5-person case

load for adult parole and probation officers. Could the minister tell us why, in view of the ministry's priority to provide more services for young offenders in the coming year, there is such a large gap between the services provided to young and adult offenders and what will be done to reduce this curious disparity?

It also leads us to wonder whether the ministry's monitoring of probationers and parolees is adequate and whether the ministry should not be attempting to increase supervision standards instead of maintaining and perhaps even lowering these standards.

Another area of concern is the privatization of corrections. Over the past decade, the provincial government has sought to transfer its responsibility for certain correctional services such as parole and probation, including halfway houses, to the private sector as a means of reducing overhead costs. Unfortunately, this has some serious ramifications within the private sector. Some organizations, most notably the John Howard Society of Ontario, have opposed the tendency towards greater and greater privatization.

Traditionally the private sector has received only a fraction of its funding from government bodies. The remainder has come from community sources such as religious organizations and private citizens. Recently, however, some private agencies have signed contracts with Correctional Service Canada and the Ministry of Correctional Services to provide a wide variety of services to offenders on conditional release from prison. This has many individuals involved worried.

Agencies opposed to increased privatization fear that by relying on government contracts for a substantial portion of their funding they will become virtually state employees and will lose the autonomy and innovation that has marked the private nonprofit sector in the past.

As an example of the effects of privatization, consider the proliferation of open custody facilities for juveniles. All indicators are that there are far more young people now in some form of custody under the Young Offenders Act than under the old Juvenile Delinquents Act.

Those organizations most intimately involved through the operation of open custody group homes seem to be silent on the issues. Enormous amounts of money are being spent on these residential facilities rather than on community services. The question we must ask ourselves is, are we building institutional empires that consume troubled kids rather than developing social

policy and preventive programs that really try to deal with troubled kids in the community?

There have been some sensational cases that have arisen over the year; the privately run group homes in the Niagara region—the St. David's Youth Residence in Thorold and the Whitestone Place Open Custody in West Lincoln. I certainly will not dwell on that, but I believe it is something that should be of concern to us.

The ministry has responded with some guidelines for this kind of situation. Nevertheless, critics inside and outside the Legislature have called the report a whitewash for failing to address the crucial question of why the ministry has not acted upon complaints received from social workers and employees of the two homes as early as April 1987.

I think that is the crux of the matter. We had problems in these homes. The ministry was made aware of them and there was a reluctance on the part of the ministry to get involved. Certainly, we appreciate the fact that there must be ministry-wide standards and accreditation procedures for all facilities, but there will be community resistance to group homes and this will increase. Eventually, sensational incidents such as the ones I have just described will take place again, involving the residents of open custody facilities and the victimization of the local community.

The communities' response to this will be to make it more difficult to develop group homes in communities. More and more of these homes and centres will be established in rural and industrial areas where they are not needed. Open custody facilities will become much more secure and institutional in their operation, defeating their purpose in the first place. This is what has been happening in the adult area. I believe it is inevitable that a similar pattern will be repeated with juveniles.

I again go back to an oft-repeated plea that we have a prison auditor general, somebody who would be independently able to receive complaints as they come in and to examine them independently. I think it is very difficult for any agency to police itself. There is a reluctance to respond. Otherwise, there has to be a change of attitude on the part of the ministry in responding to complaints. I think there are enough cases we could point to in detail where we have to draw information out of the ministry with a great deal of difficulty.

Briefly, the effort to increase and expand open and secure custody homes has been the thrust of the ministry's program to date. Unfortunately, the ministry's plan to expand a number of youth

homes in the province again met with several setbacks. I will not go into details of all the cases, but the case I have in point, the Phoenix Corp. in West Carleton township, the minister will be familiar with; there were a lot of problems.

Part of the reason for strong public reaction against the home was the secretive, hurried manner in which the ministry, Phoenix and the municipality tried to slip it by residents. No public information meetings were called by either of the latter until revelations of the proposed home were made through the media and residents demanded to meet those responsible. It is just one incident.

The procedural principle to which the ministry claims to adhere has been articulated clearly on several occasions. In October 1987, the ministry told the Ontario Supreme Court justices, "The establishment of these residences has been generally favourable, but there has been some resistance in a few neighbourhoods, and the ministry attempts to ensure that adequate community development and education are promoted prior to the opening of any new residence."

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Yet in November 1987, the minister told the public that in order to reduce the growing opposition to the group home concept his ministry would have to improve its communication with the public. "We need to do a better job educating the community about what we are doing and what we do with the people in our custody."

I think over the past two years the ministry has been criticized on several occasions for taking a low-profile, secretive approach in which residents are not given adequate opportunity to discuss the pros and cons of a proposed young offender facility with ministry officials and owners. Again, there are examples. However, there have also been examples where consultation has taken place and there has been a successful transition. The ministry's inconsistency is due in part to the emotion and controversy it has fuelled through its secretive approach, which has surrounded the whole issue of group homes since the establishment of the Young Offenders Act.

I also think the ministry's efforts have been on occasion thwarted by city councils, many of which have passed laws or resolutions to prevent the purchase of land or have changed their zoning bylaws. If we are going to have these homes, I believe they have to be in residential areas.

Municipalities in all regions of the province struggled with the issue of group homes in

1987-88. In early 1987, the Sault Ste. Marie community was split over an alderman's proposed bylaw that would allow the establishment of group homes in any area, including residential. The mayor, for example, felt they should be restricted to multiple-family areas, apartment areas, but the ministry and certain aldermen felt they should be placed in residential areas.

Municipal councils across the province were similarly divided. Should land be set aside specifically for group homes, that is, specific-site zoning plans? Should all areas, residential or otherwise, be deemed potential sites? Should the municipality deal with each group home application separately as the issue arises?

The problem with the first two options, according to some, is that residents would be denied input. Other areas, like Thorold township, have tried to establish a new policy whereby group home applicants must automatically apply for rezoning and hold public meetings.

There is a real need for leadership on this and it is not an easy issue. I think the minister recognizes it is a very tough issue. But one thing is for certain: Resolution of these matters will not come about by osmosis. I do not think we are going to get a resolution to the location of group homes by a hands-off policy. The ministry cannot simply remain a ghostly figure in the background and expect open custody facilities in residential areas to materialize. The ministry and the government will have to take the leadership role that I believe up till now it has had in spirit, but has been sadly lacking in practice.

Honesty and straightforwardness will be required. You get conflicting messages. For example, while speaking in eastern Ontario the minister made this statement: "What I want to do is embark upon a program of improving all the facilities we have instead of building more jails. We have in eastern Ontario facilities that are very inadequate. Right now eastern Ontario is very well served for young offenders."

Unfortunately, the police chiefs in eastern Ontario disagreed with the minister, claiming that a crisis existed in accommodation for young offenders in that region. Even the ministry's regional office in eastern Ontario admitted there is at present a critical shortage of group homes in the Ottawa-Carleton region, and the ministry's area manager for probation and parole for Ottawa West called the group home shortage horrendous.

There you have very conflicting messages. We cannot send out conflicting messages and remain

credible. If there is a deficiency, recognize the deficiency.

Very briefly on the matter of the split jurisdiction between the Ministry of Correctional Services and the Ministry of Community and Social Services, I raised the issue in the House on one occasion and the answer I got was, "We are considering placing all young offenders under the Ministry of Community and Social Services."

I raised the matter in the House about one month later. On the second occasion, the minister said, "At this time we are quite satisfied with the system." I find a real hardening on the part of the ministry and the government into this hard-to-understand system.

Split jurisdiction for young offenders is destructive. It seems inconceivable that it is possible to develop coherent, comprehensive social policy for young offenders when implementation is divided between two different ministries. I urge the minister to reconsider, and in cabinet to bring that matter—I have a lot of background material I would like to talk to on that issue, but I will leave it at that.

On alternative measures, the whole issue of alternative measures in Ontario seems to have been largely misunderstood. Whereas the Ontario Court of Appeal found that the absence of alternative measures for young offenders was unconstitutional in the Sheldon S. case, it is important to understand that alternative measures are only used in relation to judicial proceedings. They are not alternative measures to incarceration.

Alternative measures as they are currently developed really only become alternatives to due process. There are, of course, true alternatives to the criminal justice system and to imprisonment in particular. Formal alternative measures are being directed towards the wrong people at the wrong times and because of this will not benefit those who need them the most.

Psychiatric treatment facilities: The minister will be aware there is a process whereby in the deinstitutionalization of psychiatric patients, people are working their way through the system and many of them are ending up in prison.

I commend the ministry for to some extent addressing this issue. It is not an easy issue and it is a costly issue. The only way I can see that you can address the issue, and I honestly believe you want to, is that you have to get rid of the overcrowding in prisons of individuals who should not be there, with programs for that type of individual in the community so that the dollars

saved can be redirected towards those who need it. Some of those who need it are individuals who need psychiatric care and are not getting it.

There are some individuals who are receiving excellent psychiatric care in the prison system; there is no question about that. I have visited the facilities and I have to admit some individuals are getting the very best. But you know, Minister, I have also visited the detention centres and there are people who are very sick who are getting sicker. What we are doing is releasing back into the population people who are sicker when they are released than when they entered the prison system. Of course, the ministry cannot address the needs of those people because of the funding that is necessary.

I know you can attempt to Band-Aid the situation. You can hire psychiatrists, psychologists, whatever, to visit the prison X number of days a week and perhaps see the odd individual. In terms of a solid program for each individual who needs it, it is not your fault that you cannot address the need, but I think it is your responsibility that you look at the organization of the system and ask, "How can we address the need?"

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I want to raise a couple of items on working conditions. There is a lot of absenteeism among prison staff. I worked in an intensive care unit for a couple of years, as I mentioned to you before, and I know the strains and stress and pressure are tremendous. I think we have to look at ways in which you can recognize the very valuable employees you have within the prison system.

I think we are all pleased with the recognition you gave to the prison staff in your opening statement, but I suggest that correctional officers and guards who have been forced to work longer hours to handle the growing young offender population are suffering from stress and fatigue, which in turn leads to sickness and absenteeism.

The Provincial Auditor noted that the average number of sick days per staff member has run as high as 19 days per year in some institutions. Unfortunately, the ministry's response on more than one occasion over the past six months has been to dismiss workers who miss work for legitimate health-related reasons. It is clear that understaffing is a serious problem in some facilities, a problem the auditor noted in his last annual report was due in part to the ministry's failure to properly monitor staff levels.

Some correctional workers have demanded 12-hour work shifts to reduce the stress associat-

ed with a prolonged work week and to allow them more uninterrupted time with their families.

It is true that the estimates briefing material lists absenteeism as one of the ministry's concerns in the coming year, but no details are provided about what exactly will be done. I ask the minister if he has devised a constructive response to the very real problem of staff burnout, something along the lines, perhaps, of increasing or properly distributing staff or introducing 12-hour work shifts across the board.

The question I would like to ask the minister is whether he would examine—you would have to give me the correct word for this—the use of casuals. Is that the correct term?

Hon. Mr. Ramsay: That is the right word—unclassified and casual.

Mr. Farnan: Okay. Or those people who are in training and are on standby?

Hon. Mr. Ramsay: They are unclassified as well.

Mr. Farnan: Basically, as I have visited the institutions, I have noticed that some institutions have a number of—I will call them casuals for the sake of my discussion—casuals, which allows those men and women who are aspiring to become correctional officers to have a reasonable amount of work each week. There are other prisons where they have so many casuals on call that many individuals are getting a very small number of hours.

As you can imagine, minister, there are individuals who give up good jobs in the hope of becoming correctional officers. They have families and responsibilities. They have to be on call 24 hours a day during that probation period in order to get the time in so they can be evaluated in the hope of becoming members of the staff.

I have come across many individuals who are in really tight financial situations because they gave up their jobs and are not getting a sufficient number of hours on which they can keep their families and meet their financial responsibilities.

I ask you to look at the advertising the ministry does for these men and women and then compare it to the type of work that is offered to them on a weekly basis, because it would appear to me very unfair if we are attracting them by saying, "You will get enough hours to guarantee your financial security," and they do not get it.

I can say many are working as few as eight to 12 hours per week.

While the ministry has talked about a new caring philosophy—that is the buzzword, and it is a good buzzword and, if implemented, is very positive—it is very difficult to say that this is a

caring philosophy if we are taking a guy out of a full-time job and giving him 12 hours of work a week while he wonders whether he will get on side.

I am going to rush through here—just two items.

Criminal justice strategy: It appears that the Ontario government really does not have an overall criminal justice strategy. The division of responsibility among a variety of ministries has resulted in lost opportunities to develop coherent, related policy for both justice and corrections.

Sentencing issues cannot be separated from correctional issues. Community corrections cannot be separated from institutional corrections, nor can correctional issues be separated on the basis of age. This is not to say that some operationally defined division of responsibility might not be necessary, but there is clearly a need for overall policy that applies to both judicial issues and corrections.

Currently, this type of policy seems to get lost between the jurisdictional boundaries. Correctional authorities are left to try to deal with the problems of incarceration without addressing the problems of sentencing. It is a profound mistake, in my opinion, to allow correctional officials to use initiatives such as electronic monitoring to address the issue of expanding prison use.

My last remark is to show the minister this document. It is a remarkable document. It is called *Behind Prison Walls: Justice for All?* It is a Liberal task force on criminal justice and correctional institutions that was carried out in October 1984. Mr. McKessock was the one-man task force.

I would say that this document is a guideline, it is a blueprint of the way we should be looking at our correctional institutions. The tragedy of the matter is—

Hon. Mr. Ramsay: Do not give it to Sam. He will use it in his opening remarks.

Mr. Farnan: I could systematically examine the Ministry of Correctional Services by applying the recommendations of the McKessock report to all of the seven principles enunciated in the briefing materials and these seven principles that supposedly guide the approach of the ministry. If I were to make that comparison, it would be a very clear demonstration that this Liberal government has abandoned the progressive thrust that is found in the recommendations of the McKessock report.

I would urge you to look at the ministry's goal statement and the principles outlined on page 3 of

the estimates briefing book. No one would argue with the goal. Naturally the Ministry of Correctional Services would wish "to contribute to the preservation of social order by the development and delivery of a progressive, just and humane correctional service to those who are placed under the ministry's jurisdiction and care."

That is what the McKessock report is all about. There are many suggestions I have made that I quite frankly admit I found in the McKessock report. There are some thoughtful, very stimulating, challenging views in there, and I would hate to think that this document is simply gathering dust. I would urge the minister to pull out that document and to use it as a model within his ministry and have the courage to implement what I believe is a vision of corrections that has many answers.

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I think right now the ministry is simply keeping the ship afloat. It is bailing water out as we go along. The prisons are overcrowded. You cannot put enough money into alternative programs. The solution is simple: Reduce the number of people in our prisons. It can be done very easily. I have outlined how you can do that. Do not put large amounts of money into building more prisons. Put the money saved from warehousing inmates into constructive community programs.

Finally, I would just like to say that I thank the minister for all the courtesies he has shown me since I arrived at Queen's Park and for getting back to me with very thorough answers. I only have one complaint: When there is a conference I prefer not to hear about it the day after it took place. That aside, I have to thank the minister for the relationship we have enjoyed, and I would be remiss at this time if, on the part of the New Democratic Party, I did not say how grateful we are to those professionals who work within the Ministry of Correctional Services. We recognize them as being competent, hard-working and dedicated: all of the people who staff our prisons. Without them it would be impossible to have a quality service.

I think we do not a bad job. I think there is a great challenge in the future to do a good job.

The Acting Chairman (Mr. Polsinelli): I take it that you have completed your response on behalf of the New Democratic Party?

Mr. Farnan: No, but I am giving up the floor to my good colleague the member for Durham East (Mr. Cureatz). I felt actually somewhat embarrassed that I took so long. I did not realize I would take this long. See how the time goes?

There are probably some questions I would like to put to the minister after.

The Acting Chairman: We will now move to Mr. Cureatz who will be giving the response on behalf of the Progressive Conservative Party.

Mr. Cureatz: At the best of times, this can be a most tedious affair. I would much rather be on the Sunday shopping committee where we can have so much fun. I would much rather be studying Sunday shopping and just hammer away at the Liberals, which is such an easy issue.

Mr. Kanter: You have strayed off topic on that committee, Sam; you can certainly stray off topic here.

Mr. Cureatz: However, as fate would have it, it is the necessity to persevere on such drudgery, all of which I remember from sitting over there on the government side, and how much fun it is for you people. Just think of the work we have to do now in terms of writing up our respective responses.

Unlike my learned colleague and friend on the Sunday shopping committee, mine will not be as long, but I do have a few written comments to make which would necessitate maybe some discussion in terms of the estimates and the hours.

Let me begin to suggest the importance I attach to my remarks at the outset. I wish to acknowledge generously the co-operation of the minister and his officials in the past year. They have been unfailingly good listeners and always courteous but that is not to say we always agree; but if we disagree, it is in a civilized way, and my experience has been that this way of doing things has been productive and the public has benefited.

I especially congratulate the committee on the decision possibly to shave off some time, be it today or Monday. I can remember only too well when that great right-wing story-teller and book writer, who since has gone to other professions, Gord Walker, was minister and came forward with a brilliant idea—

Hon. Mr. Ramsay: His picture is still on my wall.

Mr. Cureatz: Is it? I noticed him somewhere in Time magazine or something flogging CTV for some reason when he was Minister of Consumer and Commercial Relations, and they still run him as “the former minister” but they did not say how he got defeated over the famous book and what not.

However, he did have one good idea when he was minister: He dragged out the committee to

the institution in Guelph, which I think was a very worthwhile learning experience, actually.

Mr. Sola: How did you like solitary, Sam?

Mr. Cureatz: Well, it was. They have the slaughterhouse there. We had our rubber boots on and went through the whole scene. It was very informative. I think at another time it would be worth while to come to an agreement between the critics and yourself, Minister, maybe in the next hearings, to work in half of the hearings to go on a tour like that.

Hon. Mr. Ramsay: I would be quite delighted to.

Mr. Cureatz: I think it would be worth while in terms of doing something practical instead of droning on about various thoughts and concerns.

At the same time, if we are going to do that, it might be worth while to take a look at the Whitby Jail, which services my community and the Durham area in general, so that we might see—

Hon. Mr. Ramsay: There would not be room in the Whitby Jail for all of us to go there.

Mr. Cureatz: I know. You have taken the words out, all right. I am glad you are aware of the problem we have there. I could be really sarcastic and ask: If you know of the problem, how come you are not fixing it up?

Specifically, I have had criticism and concern, especially from the criminal bar, with which I am not associated, that line of work not being conducive to my interest. However, those who are concerned have said to me that they are not happy with the Whitby facility, the double- and triple-bunking. It is not for long, extended periods, but it does strike me as passing strange that if we are endeavouring to find a solution of rehabilitation, this manner of incarcerating our people in Ontario is not conducive to that kind of overall approach. I do not think I am comfortable yet getting from the minister a solution to it.

I have one or two remarks. I am in touch with the John Howard Society. I will get into that much later. They have come up with a proposal. I do not know what your response will be. You probably have a response and are well aware of their concerns. I will get into that later.

In any event, I wish you would take a look at that. I do not have a working familiarity with the other institutions, but I am sure that if I am encountering that in the Whitby area— Certainly ministerial staff have contacted me with concerns when they are visiting friends of parishioners—sometimes parishioners—about the facility. It is not an overly comfortable area to be discussing, at least it is not for me at times, but I think it is

something we have to look at to try to come to grips with. What are we going to do for that segment of the population which finds itself in this kind of position?

It is difficult for the minister, I am sure, to work away with the Treasurer (Mr. R. F. Nixon) and cabinet and the Chairman of Management Board (Mr. Elston), fighting for those almighty dollars. Goodness knows, the Attorney General (Mr. Scott) cannot get organized with enough financing for the court system: security, passing on to the municipalities the police protection within the court jurisdiction; payment to provincial court judges, both family and criminal divisions.

I can see you being down the line behind him, and if the almighty Attorney General does not have the influence—and your parliamentary assistant. I have been in those positions, too. We all know the value of them, do we not? If the Almighty Attorney General cannot get the needed money, or sometimes I think he is just not interested, actually—

An hon. member: Yes, he is.

Mr. Cureatz: I do not think he is. I am always amused. He is so supportive of civil liberties and what not, yet during question period you will not find anyone more vocal and more abusive to those of us in opposition who are humbly trying to ask questions in a mild, meek, modest, undistinguished way.

Hon. Mr. Ramsay: Sam, he is the only one you can hear.

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Mr. Cureatz: Yes, that is right, because he is shouting all the time and interjecting on opposition members. I can hardly wait until I have the opportunity to remind him what a great civil libertarian he is. He will not even let members of the opposition speak. You can pass that on to him. His day will be coming.

However, if he cannot get the money, how can you get the money? I know your deputy is so courageous and busy and jotting these little notes. I would be more than interested to know how you anticipate squeezing the few extra bucks to resolve these problems. It is tough, I know, but that is what you are there for, to sort it out.

Being very specific, "What is the purpose of these hearings," you ask, "and what is the role of the parliamentary critic?" Certainly, it is not to jump all over the housekeeping of the ministry, although I would like to. At times, it turns in that direction.

Essentially, a critic, so the dictionary tells us, is to judge. Hence, the purpose of these remarks is to take an overview to identify and evaluate the priorities and particular thrusts of the ministry in question. Is there a proper relation between ends and means? Are the goals of the ministry realistic, given the resources? Are resources allocated correctly, and so on, in the spirit of passing a balanced judgement?

I find, although difficult because we are dealing with an intangible area, it is much better to go and visit the Whitby jail, to go to the institution at Guelph and see what is taking place and try to manipulate and fine-tune. But that is not the role of these specific hearings this afternoon, so I am going to try to take the overall approach on some areas and concerns that I have.

Financial limits: The touchstone of any balanced or responsible judgement on the accounts presented is how they fit into the overall constraints on the government. The obvious constraint on the government is to live within its means.

To illustrate the point, in World War II, Roosevelt's chief of staff, Harry Hopkins—and to keep on top of things, he lived in the White House—one day was asked if running the wartime economy was not a frighteningly complicated business. He gave a short answer very similar to what I think Bob Nixon, our esteemed Treasurer, would say: "You run a country like a well-run farm." To bring this down to the estimates before us: Do not manage a well-run farm by adding to the mortgage. The most estimates can recommend is holding the line on the last budget, possibly with adjustments for inflation.

To refresh everyone's memory, the minister has been very kind to provide to me information about the costs. I always like thinking about the dollar values in these things. The overall budget, if you have not looked at the briefing estimates, is \$394,279,100. That is a lot of money. What are the average number of persons in corrections, which has really interested me, and the average cost per day? The cost is \$122.41. On any given day, there are between 6,500 and 7,500 offenders in custody, with 45,000 in the community.

Actually, I got this from the minister, which I appreciate, although there is a point to be noted. I was interested whether that \$122 per day takes into account those who are not incarcerated. Maybe you can answer that now. Does it? No, it does not.

If that is not our best judgement, at the first opportunity, the public will pass judgement on us. A budget, like economics, is the allocation of

scant resources, and with only so much to go around and other pressing demands—beds for cardiac patients, for example—in my opinion, the public would not tolerate increasing spending on people who, fundamentally, have chosen to challenge rather than contribute to society. Of course, these words will fall harshly on utopian ears, but we have to take reality as it is. If we do not, we will get it anyway.

About the term “prevention,” before taking up correction, there is a common saying in the Ontario countryside that an ounce of prevention is worth a pound of cure, or to put the idea at a professional level, we should take a page out of the book of the medical profession’s effort to prevent sickness before lavishing money on treating the ill. Crime or misbehaviour or whatever results from multiple causes. It has a broad base in society as a whole, and here I find a gap in the estimates. Where do we find a co-ordinated effort by the several ministries involved to choke off the stream feeding the Ministry of Correctional Services?

To take a concrete example, the government has taken courageous initiatives under the Radwanski report, Ontario Study of the Relevance of Education, and the Issue of Dropouts. To quote: “Approximately one out of every three young people in Ontario drops out of high school before having completed grade 12”—page 7. Another survey found that 20 per cent of the dropouts were currently unemployed, compared to only one per cent of the high school graduates. These young people are shut out from reasonably well paid employment and are shut into dead-end, frustrating, frequently part-time and impermanent jobs.

Here we have a great pool of discontent that can only feed the population in correctional institutions. Then there is the contribution of housing to crime and so on. The point I wish to stress is that it is unproductive, possibly counter-productive, to look at the causes of criminal conduct and the correction of criminal conduct separately. My recommendation is that Correctional Services make some provisions for an interministry task force to come to grips with prevention as a whole.

I might have spoken of detention and sentencing in the context of prevention, but their importance suggests separate treatment. One issue that an interministry task force should address is that the police are given too little discretion and too many young offenders are put into a formal judicial process and one way or

another end up overcrowding corrections as an unnecessary expense.

To look quickly at the Economist’s report from the British experience, in a November 1987 issue it said: “The best friend of a youngster who wants a second chance may well be his local policeman. The Home Secretary has encouraged the police to let off more young offenders with a stern caution and they now do so over 50 per cent more often. Last year only a quarter of those caught were prosecuted. The government is also looking for ways to prevent young people from drifting into crime rather than having to reform them later.”

There is no need to rediscover the wheel. Why not follow the British example and productively deflect offenders from corrections? If the offender is detained, he is all too often put in a crowded jail—Whitby for example—bunked two or three in a cell. From there he goes to an equally crowded court and cannot but feel he has fallen into a mill of some kind. Hence the offender brings to corrections a negative attitude, a resentment no process can overcome in a reasonable time or at a reasonable cost.

Again, obviously all the ministries involved should put their heads together and get their act together, if only because we cannot afford otherwise.

I had the opportunity of visiting the Salvation Army branch just off Dundas Street, east of Yonge Street, and the Elizabeth Fry Society along Wellesley Street East, which my colleague to my left made some remarks about, and the John Howard Society on St. Clair East. As we all know, politicians come and go and it is difficult to get a ready grasp of what is taking place, and I thought I would go to those organizations which have a working respect for and an ongoing career in the institutional system.

I have a little synopsis of a couple of pages. I am sure you have an ongoing working relationship with these various institutions, and I would like some comments back on that and whether you meet regularly and what the format is, what ministry policy is and what staff does. I want to express on their behalf some thoughts they have before I get into my concluding remarks.

“Prison overcrowding and indeed the use of imprisonment is a subject of great concern to the society. The Ministry of Correctional Services is concerned as well about the potential for overcrowding. It is currently projecting a substantial increase in the number of prison cells which will be necessary in the next five years.

“Most programs or initiatives which have been started with the intention of becoming alterna-

tives to prison have simply not reduced the prison population significantly. Instead, most of these programs become additional community sanctions which are applied to those who would have been in the community anyway."

I wanted to pursue this with the minister during question period, but of course there is always a great priority within the question period committee on what should or should not be asked, and I am afraid I fall into the same doldrums of trying to get on to question period to you, Minister, as you maybe do in terms of trying to get the required funding for your ministry. But this is an area I wanted to bring up. I have the chance now and I will reflect it to you.

"Approximately 50 per cent of those admitted to provincial institutions under sentence serve 30 days or less. This group of people constitutes about 11 per cent of the total prison population on any given day. What this means is that if front-end alternative programs could be developed to divert this entire group from detention, the prison population would be reduced by only 11 per cent across the province. In fact, it is totally inconceivable that the availability of alternate programming would ever come close to eliminating short-term prison use.

"We would argue that it is not the absence of community options that has resulted in the substantial prison population in Ontario but the unwillingness of the judiciary and correction officials to use community alternatives that is the problem.

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"The average term for imprisonment in Ontario is approximately 108 days. If this average sentence was reduced by 10 per cent, that is, 10 days, the current prison crowding problem in provincial correctional centres would be virtually eliminated. It is hard to imagine how reducing the average sentence from 108 days to 98 days would put the community at great risk."

That was the area I wanted to pursue during question period. We have the opportunity at estimates, and I wonder if we might have a response later on about those kinds of concerns. I do not feel comfortable that we have an answer to my concern which I just related here about some kind of attempt to reduce the overcrowding. I will be interested to see what your responses are.

In terms of the electronic surveillance pilot project, I had written to the minister and you very kindly reported back. My colleague may differ with me; I listened to his remarks. I felt differently, that I was slightly supportive of at least making available another alternative to

what we have. I was open to anything to come to grips with the problem, overcrowding and other avenues of rehabilitation.

You indicated:

"At present we are going through the process of selecting appropriate equipment. We anticipate that the actual program will commence some time in March 1989 and will involve selected offenders released from Mimico Correctional Centre on the authority of our temporary absence legislation, taking care to ensure that the program is not added on to persons already approved for temporary absence but that it is indeed used only for persons who would otherwise be in custody at this time. We have been contacted by a few community corrections organizations and church groups who are basically seeking information."

I felt I was in the same category. Specific civil liberties organizations have not been in touch with us. I was surprised. Is that still the case? It was just a few weeks ago that you wrote to me. They have not been? I find that strange.

The John Howard Society, by the same token, has expressed other concerns. I am trying to find a happy balance here.

"We are obviously very concerned about the plans to implement a pilot electronic surveillance project in Ontario. Electronic surveillance has been promoted as a program which would be an alternative to incarceration. We feel it is naïve to believe that electronic surveillance will, in the long term, be used as an alternative to imprisonment.

"Our concern is that the introduction of electronic surveillance simply makes available a very inexpensive way to turn any home into jail. The potential for massive expansion of the system of social control is very great. The potential to reduce the prison population seems quite small. Although the Minister of Correctional Services has said electronic monitoring will be implemented as a pilot project, it is not at all clear what the pilot is actually testing or how a pilot project could possibly test our major concern about future use."

If there is an area of response I would like to hear about, it is that area of electronic programming: what stage you are at outside your letter of just a couple of weeks ago; where you have started it; what you are doing to monitor it, and what your hope is for the success of it. With the minister indicating that he had not heard from any civil liberties groups, notwithstanding that, what are your concerns along those areas and how are you preparing yourself—I think you

should be prepared—in the event that those organizations begin to express concerns?

Another area which has been of concern, which I think few of us want to talk about—it is difficult to discuss a question like this when the House is in session, in question period—is AIDS in prison. I spoke to the John Howard Society which very kindly gave me a brief synopsis. I think it is worth while for us to face, because it is a concern we all have. I wanted to relate to you that this society is very concerned about the implications of having inmates with AIDS in provincial institutions.

“We feel that there is a need for extensive education of both staff and prisoners on a continuing basis. Without this, what is in effect a medical problem will become defined as a security problem. When inmates who have AIDS or are HIV positive have to be segregated for their own protection, then other inmates who may have the disease will hide the symptoms or not seek medical attention. This would create an unjustified sense of safety for others in the general population, which may in effect promote the disease even further.

“The issue of condoms reflects this tendency to view AIDS as a security problem rather than a medical problem. While there can be problems associated with having condoms in an institution, it seems clear that medical considerations should come first and the decision about the use should be made by medical professionals.”

It is a very delicate topic, I say to you, Minister, and to your staff. I think we should have an overview about how you are approaching this ongoing situation, which I think all of us are still trying to cope with.

I have centred in my remarks on programs and I want to just conclude my correspondence with the John Howard Society on the area of inmate programs.

“The Ontario government has, to its credit, maintained some belief in the rehabilitation approach when other jurisdictions have abandoned it. The rehabilitation model certainly presents many dangers which must be watched very carefully, but there is research now, some of which has been conducted by the staff within the provincial government, which has identified certain types of programs which appear to actually reduce recidivism.

“However, institutionally based programs are very expensive to operate. So long as provincial institutions are filled with minor offenders it will remain very difficult to allocate appropriate resources to those who really need treatment

services. At the same time, it must be noted that because most prisoners in the provincial system spend relatively short periods of time in prison, it is unrealistic to expect major changes to take place within these short periods.

“It is interesting that the ministry of corrections has been prepared to spend substantial amounts of money for treatment while people are in the institution, but very little when they are released.”

I wondering if we could have a breakdown, actually, of that \$400-million budget, of funds which are spent for treatment out of the institution. I had the opportunity of visiting such an organization in Oshawa. I would not call it a halfway house; I forget the name. Actually, it was money well spent. I think it had about 24 beds. It was like a home. They had to report in and out.

Hon. Mr. Ramsay: Young offenders or adults?

Mr. Cureatz: Adults.

Hon. Mr. Ramsay: It is a human resource centre.

Mr. Cureatz: It was a nice step. I think the people who were incarcerated there had the idea that they were not free in society, that they had to report; on the other hand, it was an attempt to get them back into a routine and to get their lives organized.

“Aftercare services, whether voluntary or through governmental services, for those who have been in provincial institutions are minimal. We believe that there is room for social services which are available to a person on a voluntary and confidential basis.

“Those people who we worry about as being a high risk should not be left in jail until the day their sentence is completed and then released with nothing. Aftercare programs and treatment programs should be focused on these people as a priority, in order to manage the risk in the community during the last portion of this sentence. Low-risk people need minimal supervision, but should have voluntary aftercare services available to them.”

As I indicated, I met with the John Howard Society of Durham Region. The executive director is, I believe, Bill Fry in Oshawa, and I must say he is very conscientious. I met with a number of his staff at their offices, and he has been always been more than willing to co-operate with me regarding any inquiries I have had.

By the same token, as a politician, one has to look with a jaundiced eye, thinking that this is a large organization which effectively looks a great

deal to the ministry for its support, namely, getting money. I would be interested to hear what staff have to say about whether it is self-serving. I am not being critical of these groups; goodness knows, we know them.

But if the ministry finds sometimes that ideas and thoughts for programs come out of these various organizations, hoping that they do get support from the government so that they can be self-fulfilling and keep going, I do not know where you balance that. I am sure you have taken that into consideration, but how do you make that judgement call? Is it by the experience you have had with the success of other programs that they carry out and then take a chance on a new model program that is being offered? I know it is hard to come to grips with, but it is an area of concern that I have had when I have met with the people from the John Howard Society.

1640

I have just one other comment—I want to go then into an area that my colleague brought out before I conclude—about staffing, about the jurisdictional split that Mr. Farnan had indicated. He said:

“Split jurisdiction for young offenders is destructive. It seems inconceivable that it is possible to develop coherent, comprehensive social policy for young offenders in the development and implementation of policy if divided between two different ministries. The split-jurisdiction issue is an example of the need for the government to reduce jurisdictional boundaries, which impede the development of comprehensive criminal justice policy.”

Goodness knows, I could not have said it better. It is right there in a nice comprehensive nutshell. I would like to hear if there is some movement towards that area, if you are talking with your various ministries to see if we can come to grips with the split.

My colleague very adequately covered concerns about staffing. I want to bring to the minister's attention correspondence that I had with him. Goodness knows, I do not have that good of a working familiarity with the different levels, but I am not overly happy with his response. I do not want to read it back to him, but I am going to read it back to him because I think we are getting the old shuffle again.

I do not have my letter in front of me, but it concerned the inquiry of the method of increasing wages to managerial staff by upping their categories and, as a result, doing away with the categories. Some of the staff who were not managerial suddenly were in the position of

losing that category and, hence, not having the opportunity of any further increases, as I understand it. Now here is what you said:

“For many years, salary compression between bargaining unit and operational management classifications in the correctional categories has been a recurring problem for this ministry. Traditionally, wage settlements for the bargaining unit have exceeded salary revisions applied to management classes, resulting in minimal differentials between correctional officer 3 classification and the supervisory correctional management OM-14 level.

“As you will appreciate, the resolution of an issue of this importance and complexity has required careful analysis and planning. After considerable analysis of the issue and consultation between senior officials of the ministry and of the Ontario Public Service Employees Union at the central level, this ministry is in the process of restructuring its institutional organization.

“This restructuring process involves the streamlining and standardization of the levels of supervision within our various categories of institutions and will include the elimination of the use of correctional officer 3 positions. Staff currently employed under correctional officer 3, OM-14 and OM-15 levels, are being kept apprised of the developments during the resolution of this issue.

“Although the restructuring of the institutional supervision levels will involve the revision of existing complement strength and a variety of new positions and functions being created, it should be noted that this reorganization is being carried out without any increase in staff and no complement staff will be laid off.

“I am pleased to advise you again that the implementation of our restructuring plan will begin in the very near future.”

In terms of, “It should be noted that this reorganization is being carried out without any increase in staff,” I guess the problem that we always have is the people who are there who are being reorganized. Of course, those who wind up in a position of either not having their category or the possibility of moving into a new category are not very happy, as I understand it.

What are we doing to try to mend the fences there? You should have some kind of cushion or release valve so that the people who are working there every day feel comfortable about going to work. Is that it? Is that what is going to happen and is that the bottom line? If it is, I was hoping you might take another look at that to try to keep

staff reasonably comfortable about what is taking place.

It almost winds up in a situation of grandfathering. How you would do it, goodness knows, but over the long term bringing new people in would certainly be a heck of a lot easier, fitting them into the program of what you are trying to accomplish, as opposed to manipulating the men and women who are there now and winding up getting them awfully annoyed.

In conclusion, there is an area I have centred in on since I have been critic over the last little while. As a matter of fact, I do not think we have had estimates—let me see—since the minority government days and Andy Brandt was chairman of the committee. Who was our minister?

Mr. Chairman: Yes, but things have got better, have they not?

Mr. Cureatz: Oh, yes, just terrific. We went from 52 members to 17. And you were the opposition.

Hon. Mr. Ramsay: That is what the chairman was referring to.

Mr. Cureatz: Yes. But you were not there. Who was the minister? Oh, Ken Keyes. How could I forget? Jeepers creepers. Actually, he took me out to have some great dinners with Mr. McDonald—lunches, I think, or something—which the minister has not done for me yet. Has he taken you out to dinner?

Mr. Farnan: I did have breakfast with him.

Mr. Cureatz: Oh, breakfast.

Mr. Chairman: I will take you out, Sam.

Mr. Cureatz: Well, you owe me anyway, so that is no deal. Surely the minister could come across and we could discuss some very serious matters concerning the aspects I have brought up, one of which I centred in on my last—

Hon. Mr. Ramsay: I will see how the estimates go, Sam.

Mr. Cureatz: That is right. You will not have much problem with me, as you can see, but this is an area I centred in on. One would like to think one is trying to do something in a ministry to have some little impact as one filters through these various positions and faces elections and what not.

The area I had centred on is health related. I think Mr. McDonald will remember this, and I am going to conclude with that in a few minutes: effectiveness of corrections.

To turn from prevention to correction and how effective the system is, what do we get for money? If you look at the age distribution of

offenders, year after year you will find the same bell-shaped curve. There are few offenders in their childhood and it rises only slightly in early adolescence. Then for men the figure shoots up and the top of the bell is somewhere in the late 20s. The curve then begins to fall away and after 40 is something like the figure for late childhood or early adolescence. I am speaking generally, of course, but that does not affect my point that we have a bell-shaped distribution year after year.

What does that tell us? It suggest that essentially all we are doing is warehousing people at a cost, as we said earlier, of \$122 a day, with a ministry budget of \$400 million. We have better uses for the money. To make the point, we warehouse offenders at a certain raunchy stage of their lives and wait for maturity to catch up with them in the natural process.

For me, that is not good enough. Why do offenders go off the rails? The assumption of a certain segment of opinion is that everyone comes into the world a good boy, a good girl, a little piece of heaven. Then his or her environment tarnishes him and all we have to do is talk him around as to behaviour.

I recall hearing students singing a parody of their school song and the last lines rang,

Oh, what a death to be taught to death,

What a hell of a death to die.

This is near enough to the truth to hurt St. Augustine, who was more realistic when he observed, "Man is an angel chained to a beast."

We may be too interested in one side of the coin. Science, naturally, has moved past St. Augustine and there is now a third possibility, that in many cases, possibly even a host of offenders are the result of a biochemical disorder.

This is a line of concern I have mentioned and we have pursued this with Mr. McDonald, about the dietary concerns at the various institutions.

The line between the mind and the brain is not easy to draw and the brain, it seems, is a mass of electrical and chemical interaction. There is an impressive body of research on disorders resulting from abnormal blood sugar, as diabetics know, or teachers who face children gorged with candy after Hallowe'en.

Of course, I have no professional qualifications to comment at any length on the body's biochemistry and the problems of offenders in our institutions, but like the public at large, I do see a connection. My question is, where in estimates do we find an indication the ministry has turned to the medical profession for an opinion?

1650

The medical profession in Ontario is world class and has been for generations—well, until the Liberals took power. There is not a doctor in the world who has not heard of Sir Frederick Banting. I would like to drop two names from my own riding: Dr. Morris from Bowmanville, who was court dentist to the Emperor Franz Josef and a leading figure in Vienna in medical circles, and Sir Thomas Stanton of, believe it or not, Pontypool, whose research in tropical diseases did so much to open the Malay States to commercial plantations, and who ended his career as chief medical adviser to the Secretary of State for the Colonies. When the profession has such a long tradition of international recognition, why is all this talent not brought to bear in some organized way on the programs of the ministry?

The suggestion that the ministry take a new look at corrections through the eyes of the medical profession brings me to my conclusion. I have already suggested that we need an inter-ministry task force to take a new, interdisciplinary look at the corrections program. I cannot do better than to repeat that suggestion in the language the Radwanski report employs to describe the drift in a related ministry.

Instead of a coherent, comprehensive and forward-looking program or guiding principles: "The system has increasingly been running on empty...priorities...have been overtaken by contemporary reality, but no coherent new strategy has been agreed upon to take their place. Instead, there is a drift, in the form of an endless succession of improvisations, half measures and compromises to bridge the gap between competing views."

It all comes down to one question, the question demanded of St. Paul as he fled down the Appian Way from Rome, which is timeless: *Quo vadis?* Where are you going? If the estimates of the ministry can answer that, they will have said something.

Hon. Mr. Ramsay: That was on the road to Damascus.

Mr. Cureatz: That is right.

There you have it. Five o'clock. Well, that was about an hour; some say about 50 minutes too long. However, those are my opening concerns. Do we have a handle on our timing now that we have done that? Are we going to pursue these matters with questions? Is that the approach or are you going to respond to my questions?

Mr. Chairman: We will give the minister an opportunity to respond, and if there are any

questions that arise out of his response, then we can deal with those.

Mr. Farnan: That is right.

Hon. Mr. Ramsay: Thank you for giving me a chance to respond to your opening statements. I hope that between my opening remarks and yours, we will have time to dialogue about many of these issues, because you bring up some very good points and they certainly deserve discussion.

One thing, before I get into the specifics, is that both of you have spoken about co-ordination between the various ministries and the criminal justice system. I wholeheartedly agree with you. I think it is very important that the ministers and the ministries work very closely together.

This is something we have begun to do. With the ever-increasing pressures upon the criminal justice system and the increasing demands by the population to be more strictly enforcing, or enforcing for the first time in different areas as our values change, we start to see how there are tremendous impacts on, say, my system in the Ministry of Correctional Services when the Metropolitan Toronto Police force, for instance, decides that because there is a tremendous drug problem out there in the streets of the city, it will hire 90 more officers to handle that situation. They do that based upon their own criteria and local pressures.

When we look at that situation, and obviously it is a problem that needs to be worked on, we see that there could be approximately 8,000 to 10,000 people eventually ending up in our system as a result of that increased enforcement. You bring up a very good point. We have different jurisdictions within the province with regard to policing, and then we have the various ministries involved in the criminal justice system within the Ontario government.

I think you are right on that. We have to work very closely together, because anything any of us attempts has impact, and sometimes very great impact, upon the other. It is something I think a lot of us are sort of waking up to. We really have to work together and I appreciate that comment.

I would like to start and basically go down a list of points I have picked out of your remarks. I will start with Mike Farnan's remarks yesterday—some of them overlap, so some of them will be covered by both—and finish off with some of the maybe new ones Sam brought to our attention today.

One of the first things Mike talked about was modernizing the system. He was referring, obviously, to the institutions we have. As Mike

mentioned, we have a few institutions that were established in the last century, and we are very aware of that. We have a corporate plan that proposes—this plan has been approved by cabinet, so it is not just the ministry's idea but in principle has been approved by cabinet—to rehabilitate the housing stock in corrections.

We are well under way on that. It is a 15-year corporate plan to get the plant fixed up. As you mentioned, we have completed the first phase of that in those institutions that required electric doors on the cells to allow people into the range area, upgrading plumbing systems, things like that. We have been working on that.

Sam, if I can make you a little happy today, Whitby Jail is one of our first priorities.

Mr. Cureatz: Good.

Mr. Chairman: Sam thought you were going to take him to dinner. Take him to dinner at the Whitby Jail.

Hon. Mr. Ramsay: We could do that too, but we certainly need to—

Mr. Sola: Give him bread and water.

Hon. Mr. Ramsay: We do better than that, I will tell you. I would like to talk about food later on because we grow a lot of our own food in the institutions and are actually self-sufficient in some farm products.

The Whitby Jail does need more programming space and we are going to tackle that next year. I think in future years, too, there will be more things we will be doing with Whitby but—

Mr. Cureatz: Will you be adding on?

Hon. Mr. Ramsay: Yes. We will be adding on some program space to the Whitby Jail. I just hope you will allow me to make the announcement in the riding before you do it, though, Sam.

Mr. Cureatz: It is not my riding. Allan Furlong—

Hon. Mr. Ramsay: I know, but I wanted to comfort you with that.

This is basically what we are going to be doing as to what Mike has talked about. Because of our thrust in community corrections, I do not want to be a minister of new jails and I do not want to see this ministry in the next 10 years building any new freestanding jails.

But we have two Ontarios out there when it comes to growth and demographic pressures. We all know them in all the different policy fields we work with and it is the very same with the criminal justice system. Our main pressure is the triangle starting from Niagara Falls up to Barrie and down to Whitby; in that area, we have

tremendous pressures. At times, we are over capacity in our detention centres.

In the other parts of Ontario, we are under capacity and we are able to close some wings. We will have some institutions where we are 72 offenders short and we can close a 72-bed wing. I am sure you would not want me to do otherwise. We have to manage this system well. I believe we do that, but we do have pressures.

The other day we opened 68 beds of detention space in Mimico where some of that correction-centre space was underutilized. We have future plans to expand some of the other detention facilities in Metro and we are looking at some of the ones farther west of here, at converting them possibly to detention beds.

We cannot do it overnight but the pressures are there. Like building new schools and the sewer systems and the highway system, in the criminal justice system we have to build for this tremendous expansion of the population in this area. That we are doing.

We are still going to have the nice sort of old jails like Walkerton where there are maybe 30 beds, but we have redone the plumbing and it is in good shape. It is a jail, not a Hilton hotel, but it is in good shape and provides good facilities. Those places are going to remain because in the old days when they built a jail, it was a good, solid building. I think those jails are going to stay there for eons in the future, but we have to keep improving the stock we have and adding on where those pressures are there.

While we do that, we have to make sure we continue our thrust of community corrections so that we do not keep people incarcerated. I agree with my critics that it certainly is inappropriate to be incarcerating people who do not pose a threat to society. That is my goal and that is the ministry's goal and we are working towards that. I wish we could do it overnight. It is going to take a while.

1700

There are a lot of programs we have in various stages of piloting and testing. It would be nice just to convert those overnight into full-fledged programs right across the province. That is going to take time and more revenues and I welcome your support in my attempts to get more revenues for the Ministry of Correctional Services. I appreciate that.

I want to talk about some of these areas and wings of our facilities in the province that we are closing. These are done on a temporary basis. They are not permanent, but as we find the fluctuation of our offender population, we have

to be able to manage the system so that we can put our resources where we need them and save some of the resources where they are not in demand. It sometimes puts some stress on some people within the system and we try to avoid that where possible, but we have to manage the resources we have.

There were some concerns expressed yesterday by Mr. Farnan about the courts. Of course, the courts are the prerogative of the Ministry of the Attorney General, but they are a concern to me, as they are to the Attorney General. Mr. Scott suffers the same sort of pressures I have talked about in our system—urban areas versus the rest of the province.

I welcome your support too in seeking changes that I would like to see in the Criminal Code. For instance, prisoners remanded for trial have to appear every seven days before a judge. Some judges are waiving that right and that takes a little pressure off our having to move people on a weekly basis or keep them close to where the trial is. Changes like that would certainly be very helpful and we are looking at other ways of maybe helping that situation.

Both of you talked about community programs and these are things that are near and dear to my heart also. I think that if we are really to make a dent in the system and to make a difference, community programming is the way we are going to do it.

I have been to American correctional conferences and it is an absolute shock to see what the American system is about and how they are tackling the problem they have. The American solution to the increasing crime rate and the more violent society they seem to be experiencing there is to build more and more prisons, and they cannot keep up with it.

To give you an example of a situation, they have 11,000 cells in Los Angeles county. They have 56 Greyhound buses that daily, early in the morning, bring a lot of those people to the courts where they are in remand for trial. From those 11,000 cells, they are transporting 22,000 offenders to those courts. They have a law there where you cannot put any more than one person into a cell, so they are sleeping in shifts and sleeping out on the hallways on mattresses. The Los Angeles county government is seeking to post bonds to raise money to build those 10,000 to 11,000 or 12,000 more cells that it needs in that county alone. There are similar statistics for the state of Texas and other jurisdictions.

Mr. Cureatz: It is almost self-serving; you build the cells and you fill them.

Hon. Mr. Ramsay: That is exactly what it does, and the joke about it all is that you cannot even keep up with it. It does not actually solve the problem because you just cannot keep up with it.

In Florida, the situation they have there is that because the populace is more concerned about crime and catching and dealing with offenders, the politicians are promising stiffer penalties and better enforcement, and that is happening. Felons are being sentenced for longer terms in the state of Florida, for example, and people convicted of violent crimes such as murder and rape are being let out the back door to make space for the people coming in the front door from these new thrusts in crime prevention and apprehension.

The American system is certainly not the way to go. I think it is very illuminating to look at how they are handling the problem. I am not sure why they are going in that direction.

I think it comes back to a point both Mike and you have made: not only co-ordinating what we do in the criminal justice system but maybe looking at what we do as part of the social justice system. I think that is the difference between how we look at corrections here in Canada and how they do in the United States. I think part of the reason they are having the problems they are in the United States is that they do not have a sound social justice system. They do not have the safety nets in place in the United States that we do in this country.

Therefore, the people there do not sense their country as a caring society, as I think the majority of the people in our country do. I think that is why they are having a lot of the problems they are in the criminal justice system. Instead of trying to go after some of the real reasons for the problem, they just keep on patching up the symptoms.

It is interesting for a rather amateur observer, such as myself, to see that. I really think that is what is going on down there. So I welcome your support in expanding the social side of corrections because I think that is an area we have to be hitting at. I think we are and I will need your support in pursuing that over the next few years.

I would like to talk a little about electronic monitoring, though. You have both brought up some criticisms. Mike has been much stronger in his criticism than you have, Sam.

Mr. Cureatz: Could you give us an example of exactly how you envision it?

Hon. Mr. Ramsay: Sure. First, let me start with the fact that it is a pilot project. I am not sure electronic monitoring is an appropriate way of dealing with the situation. I am not sure it is an

appropriate way of keeping people under supervision, but I would like to take a look at it. For me, it would be putting my head in the sand if I somehow thought that because this thing is electronic and some people in society think it may be distasteful to supervise people in this way rather than in a hands-on way in an institution, I should just ignore it.

I do not feel I can do that. I would like to take a look at it. I would like to take a look at the technology to see if it is appropriate. I think the way to do that is to do a pilot project. I will give you an example of what we are going to be doing. By the way, I would like to invite any of the members of the committee here, especially my critics, to Mimico to see the setup when we get rolling in March. I think by then we should be able to start. I would like to start with about 20 offenders and maybe get it up to 100 in the next 18 months, and see how we develop.

One of the reasons we have picked Mimico is that there is a population of people there that may be an appropriate population with which to start the test; that is, people who have been sentenced intermittently, on weekends, to the institution. It may be possible, much sooner than they normally would be qualified under a temporary absence permit, to allow people this type of supervision as another community alternative that might help us and might help the offender remain in the community for much more time. I see the people who are on intermittent sentences getting into society sooner than they would under the normal temporary absence criteria.

Another group would be people who are on temporary absence in the daytime, but have to return at night. The criteria they have qualified under may make them, under this type of supervision, appropriate for electronic monitoring.

Mr. Cureatz: What actually happens?

1710

Hon. Mr. Ramsay: Basically what you have is a very small piece of equipment that you wear on a wristlet or around your ankle that is in communication with a little machine by the telephone in the house. As long as you are within 150 feet or whatever you set the device at within your house, all is fine. We know where you are. If you go beyond that perimeter that has been established then the machine at the phone senses that, and basically, through the telephone, it calls the mainframe computer at Mimico to say the perimeter has been breached.

Upon that call being placed, an officer at the institution would place a phone call back to the

home, just to make sure there was no error by the device or the phone, to try to confirm presence. If that is not done, one of our people would actually go to the home to verify it again, to make sure there is no error.

If the person were not there, then we would carry out the appropriate procedure. It may not be directly calling the police because this may not be a dangerous person, although he has violated his term of probation. We would call the police if necessary or make the proper notation. That person will be dealt with if he has breached—

Mr. Cureatz: I do not mean to be dominating this, Mike.

Mr. Farnan: I appreciate your line of questioning. I have other questions I will come up with.

Hon. Mr. Ramsay: There are many types. One could remove the type we plan to use right now for the pilot and it would not give any signal to us that it has been removed. We are not talking about violent offenders or anybody who is going to cause any problem. First of all they have a home, we know where they are. If they want to do that they are obviously going to be back, probably to the sentence they originally had, if they want to violate the opportunity that is there.

I do not think, nor does the ministry, this is somehow a panacea for all our problems. To me, I look at it as one of many.

Mr. Cureatz: A working tool.

Hon. Mr. Ramsay: Yes, one of the many working tools; sure.

Mr. Farnan: I would like to ask a question. You talk about appropriate clients for this particular item. I asked why you did not share the background papers with the John Howard Society, for example, prior to the decision to implement. That is still something I would like an answer to.

Let's presume an individual who is on this program is the type of individual who, if you discovered he was not at home, the police would not be informed.

Hon. Mr. Ramsay: No, not necessarily.

Mr. Farnan: Not necessarily. Okay; are you saying then it would be the type of individual who, if you discovered he was not at home, the police would be immediately informed?

Hon. Mr. Ramsay: No.

Mr. Farnan: If it is not one, it is the other. There could be different people on the program.

Hon. Mr. Ramsay: I was going to explain the different types of people we have, and there are various different circumstances.

Mr. Farnan: The type of people you have described to date, people who for example are on intermittent sentencing, weekends, temporary absence for the day, generally pose no threat to society.

Hon. Mr. Ramsay: That is correct. I want to go back to a point so you can understand this. I am not sure who the appropriate offender is for this. We have picked a relatively safe group to do the pilot with so I do not have any firm ideas, first, whether the technology itself is appropriate; and second, what the application is. All we are doing is choosing a group to do the pilot with. I have no firm, fixed conclusions on the outcome of this at all. It is a true pilot.

Mr. Farnan: I appreciate the fact you are going in with an open mind. However, if the pilot is going to be with a group that poses no threat to society, what will it tell us? I do not think it tells us anything.

Hon. Mr. Ramsay: But the court has given a sanction to this person. It has said he has to be in jail.

Mr. Farnan: All we have done is remove him from an incarceration in jail to a more pleasant incarceration at home, but we have given no rehabilitative program to that individual.

Hon. Mr. Ramsay: I have not finished describing the program and what getting the person out of the jail can mean. By putting a person back in the community, that day temporary absence pass person who is now attending a job can go to community programming in the evening, and the person on the weekend could be attending community programming on the weekend, rather than having to spend the time in jail, as you talked about wasting time playing cards.

Mr. Farnan: But if he is a safe individual, he would be in the community anyway. My suggestion is that if an individual you put out here is prepared to abuse the system and go out, a violent crime against society on person or property may be committed. Who are we trying to help? Are we trying to help people who are sick, people who need their lives restructured, etc.?

My fear is that the pilot project, as you described it, is too safe, so it proves absolutely nothing. It proves that people who are not a threat are not a threat. That really takes us nowhere. On the other hand, if for example you could provide rehabilitative programming to an individual who needs it in a community setting, that would make some sense. But I cannot see it as you have described the testing process.

If you had, let's say, two different target groups, one a safe group and another group where there was a greater danger in terms of the potential to break the curfew that is placed on it, and then see if that group could abide by this monitoring system, I would say maybe we might be getting somewhere.

Mr. McDonald: Basically, I think there are three groups. There are intermittent sentence people on weekend and day passes whom we would not normally put out totally for a number of reasons: alcoholism, hitting their wives and a range of things.

We also have a population in Mimico Correctional Centre who are there for less than six months. We are going to test some of those people who are not on intermittent on the monitoring system. They are not the violent offenders who are in the federal system or the violent people prone to assaultive behaviour who are in medium security prisons. But they still commit property offences, they still do breakings and enterings. They still hit people when they get drunk. Our aim is to keep them regularly in their home, regularly going to work, having a regular way of living rather than going out every night and bashing down the beer and the whisky at the local bar.

They are not Clifford Olson. They are not really bad people in the sense we know it in the prison system. We would like to test the three groups. As the minister said, we are not totally convinced, as you are convinced, that people in for less than 45 days could all be out of prison. We have a provincial and federal court system in the country under the federal Criminal Code, under which the judiciary, the bench, are putting people in jail. It is our responsibility to obey those orders. We do not want to have jurisdictional disputes interminably with all the population. We try to have these nine or 10 community interventions so we can try to see whether they work or not.

Mr. Cureatz: I missed the three groups Mike is concerned about. There is a group who are not bad people but have drug problems or alcoholic problems?

Mr. McDonald: We have people who come in on intermittent sentences on the weekends. They used to come in because they had jobs—a tool and die maker, keeping the family going. What is happening now is that 50 per cent of the people coming in are on welfare and are poor. There is a whole range of people. They are mixed up with some heavier offenders who, luckily for them, only got convicted of a very minor offence even

though they have a criminal record. The criminal record could be federal penitentiary time. We want to be able to monitor the whole range of people in intermittent sentences and put them in their homes on electronic monitoring systems with specific rules.

The second group are the people who come in and sleep at Mimico at night, but go out to work in the daytime. They are there for some specific reasons. They are not at home because they have problems there. Some of those problems are family violence, where they cannot be at home with the family because they abuse their children or their wives. We want to try it not with those people but with some other types of people who are out on day pass.

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The third group is people at Mimico, by and large, who are sentenced to six months or less but are not out on the temporary absence program and are offenders who are a little heavier offenders than those other types of people. We want to try some of those people. We feel they pose a lower risk to society than people in minimum security provincial prisons or, in effect, the federal system where there are some very violent kinds of people.

We want to be able to monitor the three groups and see if this works for us in our provincial system—two years less a day, with an average adult sentence of 74.5 days; or if there are better methods of doing it.

Hon. Mr. Ramsay: I would like to answer your reference to the John Howard Society wanting to look at our background papers. The investigation we did leading up to this basically is public knowledge. We have sent people down to Washington. We have had all the data from the different experiments in the United States.

I think the meeting you are referring to is where I have been starting a consultation process with all the agency groups, John Howard being one of them. I was asked the question while this was before cabinet. I could not say this was something we were going to do because it was before cabinet and had not received any approval. It was in process. That is why I said at that time that we were looking at all the different programs and we have been studying this the last couple of years. Again, I would like to repeat my invitation for you to come down. We can go down together and—

Mr. Cureatz: When the House is back, I would like to do that. I think it would be worth while.

Hon. Mr. Ramsay: Yes, we will do that. I think we could do it again in six months time after it has been rolling for a little time too, so you could talk to the people directly working with the system.

Mr. Farnan: And probably pass the system on to the caucus whips. It might be a useful—

Hon. Mr. Ramsay: There you are. I do not want to expand that sort of thing myself.

Mr. Farnan: But is that not the way this system grows?

Hon. Mr. Ramsay: All I am saying now is that we want to look at the technology. Another thing I want to say to you is that I have told all the different advocacy groups and agencies out there with whom I am working on this consultation process that I am also going to keep them informed of our pilot project.

Mr. Farnan: Are you prepared at this stage to release the policy analysis on which the implementation of this was predicated?

Mr. McDonald: The policy analysis is contained in a cabinet document. We are not prepared to release it, but we are prepared to photostat and release all the documentation we reviewed in the United States jurisdictions that have been running these programs. There were no projects going on in Canada save and except the startup in British Columbia, but we looked at projects in the United States. We looked at journals of probation and parole in New York state in about 14 jurisdictions, plus we sent people to Washington and Florida to look at the actual system that was in place. We are prepared to photostat and release that information, but not the cabinet and associated documents.

Mr. Cureatz: I would not mind some of that. I do not want—

Mr. McDonald: We will just photostat it and send it to you with a listing of which are the really informative ones and which are the ones that are more like filler.

Hon. Mr. Ramsay: I would like to move on to something else Mike brought up when he talked about segregation, as we call it in our ministry. You would be right if you just looked at the regulation in our act that speaks to segregation, but we have operational procedures that supersede and complement that. I would like to ask the deputy to answer that.

Mr. McDonald: I will ask Mr. Crispino, the assistant deputy minister, to go over how it operates.

Mr. Crispino: Obviously, with some 70,000 people coming through our doors every year, making sure we have provisions for the protection of people within our care is very paramount, so there are a number of provisions and safeguards built right into our regulations. I can refer you to the appropriate sections, but basically section 33 of the regulations under the Ministry of Correctional Services Act really refers to three or four key areas of confinement. I will just spend a minute going through a couple of these.

The first would be in the area of what we refer to as segregation, which really deals with those offenders who may need protection, those offenders who, in the view of the management of the institution, need to be segregated in order to protect the security of the institution or the safety of other inmates. One other provision is that it also allows for offenders who are alleged to have committed some kind of misconduct within the facility to be placed in segregation. Also, there are situations where inmates or offenders do request to be placed in segregation. That is one type of confinement.

Another type of confinement that we refer to as closed confinement refers to that type of confinement where there may have been some infraction of the institutional rules and regulations.

The last one is protective custody, which refers to a situation where the continued presence of the inmate within the general population poses some potential threat to his or her life or may result in some physical harm to himself or to some other person.

There are operational procedures that safeguard the way confinement is applied. Just to give you a very quick rundown: For example, after four days in confinement, the regulations clearly require that the superintendent review the circumstances under which the inmate was placed in confinement and that some determination be made at that point whether it should be continued or discontinued. There are also other provisions that apply after 10 days and then after 30 days, in cases where that is the case.

Mr. Farnan: Could you tell me the dates that these guidelines were established?

Mr. Crispino: These were a part of the Ministry of Correctional Services Act; the regulations under the revised act and regulations.

Mr. Cureatz: You did not mention anything medical in your definitions of segregation.

Mr. Crispino: Yes, that falls into one of those three areas. To the extent that there is a medical problem, that would fall under the segregation

component, which is the first of the three types of confinement I mentioned.

Mr. Cureatz: Would that take in the AIDS problem?

Mr. Crispino: Yes. It would also take into account, for example, if an inmate chooses to go on a hunger strike for whatever reason, and therefore is placed in that type of confinement.

I think it is important to note that there are a number of provisions or safeguards, because obviously we too are concerned to make sure that the regulations and provisions are there and that they are followed clearly and humanely.

As you may know, we have regional staff who visit institutions on a regular basis. We have operational reviews, which are done on a cyclical basis for every institution across the province. We have our own special reviews and investigations where warranted. Obviously, access to the Ombudsman is another area of safety, in our view, and a provision for safeguards. We also have telephones available, which we put in place about two years ago in most of our institutions and which are accessible to most inmates.

As you know, public institution panels make regular rounds around the province. We have annual health inspections that take place, where the local medical officers are involved. We have chaplaincy services that play a very key role, particularly for those offenders who are placed in segregation. We have physicians who regularly visit people in segregation.

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Another very important component is our staff training, which takes place on a regular basis with our correctional officers, who are very much clear on the way that provisions and regulations are to be applied in a humane and fair way.

I think the second part of your question, if I remember correctly, had to do with special diet. There are provisions where, under very strict conditions, special diets are applied. In those instances the special diets are not to exceed a period of 10 days' maximum, and then only under very, very carefully administered conditions.

Before an inmate is placed on a close-confinement diet, all of the counterindications need to be very clearly analysed. The superintendent, along with health care staff and professionals, develops very clear procedures where inmates with special nutritional requirements, for example, are identified and physicians consulted. When a person under the age of 20, for example, is placed on a close-confinement

diet, there are also other provisions to apply other dietary requirements such as milk and so on.

Just to give you an example: On a daily basis, the caloric intake from such a diet within very strict standards is somewhere around 2,200 calories. So obviously the nutritional aspects of the requirements are very, very important and are applied very, very stringently, and there is a very carefully developed menu according to health standards that are applied.

In summary, I think that from our view there are very carefully developed, stringent criteria. Staff are trained to be sensitive to the health care requirements, to the spiritual requirements and to the comfort requirements of the individuals when they are placed in this kind of confinement.

Mr. Farnan: There seem to be a lot of checks and balances in the system, and that is good. My only problem is that it appears that somewhere along the line the system breaks down. There are, according to my information, many mentally and emotionally disturbed nonviolent criminals who are routinely incarcerated, and I want to just pick up this point.

I have not dealt with it in my statement, but I have it on good authority that many of these unfortunates are being located in segregation cells, and I am talking about the Don Jail, the Metropolitan Toronto East Detention Centre and the Metropolitan Toronto West Detention Centre. This sort of cruelty has been brought to the minister's attention on previous occasions, but these recent reports that come back indicate that the problem exists. With all of these checks and balances, the problem persists.

Mr. McDonald: If Mr. Farnan has some specific examples, we would be very happy to follow them through in an investigative manner. One thing we have to be very careful about: Segregation is not necessarily a different kind of unit or cell; segregation could be a whole corridor, the same as another corridor, but in that institution it would be referred to as a segregation area for people who might be schizophrenics or people out of the Queen Street Mental Health Centre, as in the Toronto Jail.

Also, we have in Guelph a segregated area for people who are getting treatment, but it is the same kind of cell unit and wing as anyone else lives in. People have the picture that segregation is somewhere with a huge steel door with a little window in it and everyone is in that kind of area. That is really not the case unless someone is very, very violent.

Mr. Farnan: I have been to enough prisons at this stage to understand what the segregated area

is. Could you address the question that I asked, the regulation concerning the 30 days, that if somebody is not within an isolation cell—

Hon. Mr. Ramsay: Mr. Crispino has just answered on the operational procedures to precede the 30 days: there was reporting after five and 10—

Mr. Farnan: Reporting to whom?

Mr. McDonald: At four days the superintendent or a designate has to review the circumstances of each inmate who is placed in segregation or close confinement, and at least once every five-day period to determine whether it warrants segregation. At 10 days the superintendent shall file a weekly report to the director at regional office and a copy of the report is placed in the inmate's file. If the person is there for 30 days, the superintendent shall file the report to the director of offender programming at the corporate head office with copies to the regional director, offender register, inmate file. This 30-day segregation report satisfies the superintendent's obligation under section 33(5).

If we get 30-day reports, an investigator goes out. We automatically do that. If a 10-day report goes out, the regional director is sending the regional manager in to find out what is happening. What we usually find is a medical segregation problem. It is not a disciplinary problem.

Mr. Farnan: What I am suggesting in the whole process of my presentation is that a guy could be incarcerated in isolation without your knowing about it if it is less than 30 days.

Mr. McDonald: The regional director is really a vice-president of head office. There is a procedural obligation on him to notify a corporate office of this problem.

Mr. Farnan: It does not strike me that you have defined it as a problem at that stage. You have only defined it as a growing seriousness. An individual who is incarcerated in isolation for four days is reported to one level; after 10 days, to another level; after 30 days, to another level. But what if it does not go to the 30 days? There can be systematic victimization in which an individual says, "Let's give him the 10 days this month."

Hon. Mr. Ramsay: Those superintendents are responsible people. I do not know who you have spoken to—

Mr. Farnan: I do not question that people are responsible within the ministry, but I do believe that segregation or isolation can be abused. I would hope at this stage, Minister, that you realize it can be abused.

Mr. McDonald: As chief operating officer, I totally recognize that it can be abused. That is why the checks and balances are in the system. Superintendents are very strictly noted that this kind of thing cannot happen. Where a person absolutely needs segregation for the protection of himself or the other inmates—that is what it is really all about—for punitive reasons, we segregate him. We do not even think about it. The guy has broken somebody's jaw; he has thrown his food through the bars four days in a row; he has urinated on the floor. The other inmates will beat him up, whether he is sick or whether he is violent.

The system is so fluid all the time that it is really not up to someone to throw people into 30-day segregations. Most of it is for one or two days.

Mr. Farnan: Believe me, I have been there. I have worked in this situation and I know the situation. I know that for the most part, the use of segregation and isolation is responsible and the people involved are responsible, but I am very concerned that the absolute utmost is done to ensure that there is not abuse within this system.

I will certainly want to sit down with the minister to discuss this further. There are a lot of other issues I want to get to, but I do want to spend a little more time because I think there has to be some way of putting up a red flag to indicate an abuse, with the knowledge that there will be action taken by the ministry.

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I think what has happened in the past is that we go back to Clark House and we have social workers or we have front-line workers reporting to the ministry and saying, "Look, these are the abuses that are going on here," and nobody does anything about it. The situation gets worse and you have got a rotten situation on your hands that just explodes. Within an institutional system, as I recall and as you well know, there are loyalties that make it difficult to blow the whistle. What happens when somebody raises the red flag and says, "Here is a problem"? Is there a guarantee of his own confidentiality? Is there a guarantee of a ministry response?

Hon. Mr. Ramsay: I have noted your concern and I concur. Let us look at it further. I think what we could do is maybe arrange for a briefing session on it in depth, so we can really get into the whole detail of how it works, like the nurse coming daily to check on the person.

Mr. Cureatz: Let us do that when we go to Mimico. Let us do an afternoon thing.

Hon. Mr. Ramsay: We could do that. The other thing is, I would really appreciate getting those specific examples from you, because what you are telling me, if true, greatly concerns me too. I think you are right. We do not want to do all this on this topic here. Let's take it up afterwards. Let's investigate those particular incidents that you have noted and let's arrange a briefing session so we can go over in detail the procedure for segregation.

Mr. Farnan: That sounds fair.

Hon. Mr. Ramsay: The next point that I picked up from your statement concerns the challenges that we are facing with the introduction of female correctional officers into our system over the last few years.

It is interesting to note that as we progress, make reforms and provide equal opportunities, with them come some challenges. This is obviously one of those areas where it is difficult. I think we have been out in the forefront of employment equity, not only with women but also with visible minorities, making sure that these people have equal opportunity in working with our ministry. With that do come some problems. What we have tried to do in Correctional Services is to not treat women COs any differently from men COs; to try to assign them the same responsibility as the men traditionally have had in Correctional Services. Correction has been a man's job in the past.

We have come up with these challenges to this. There are all sorts of privacy screens in place in the shower area of the ranges. I think it is interesting to know that of the 71,000 admissions we have in a year, last year specifically we had four complaints about this. I would say that, by and large, we have probably done a pretty good job in managing this situation, being fair to our employees and also recognizing the rights of our offenders, which I am very sensitive to, especially in a captive situation. I am very sensitive to this.

We will continue to work on this. I would like the deputy minister to talk a little more about staffing in relationship to incarceration that we have in the system.

Mr. McDonald: There were several questions asked which really called attention to the utilization of the prison system, the staffing in the prison system and what we intend to do where we have pressure areas. Those three areas were brought up by both persons but by Mr. Farnan more particularly.

As of March 31, 1988, the jails and detention centres, on an average, daily were used to 83 per

cent capacity and the correctional centres were at 75 per cent capacity. This year they have marginally gone up. However, the minister explained this two-Ontarios syndrome in the greater metropolitan area, particularly the growth areas of Durham, York, Peel, Halton and Toronto. There was a growth in our system which is being attended to.

The other point we wanted to get across was that between 1984 and now the inmate population has only marginally increased. Over that five-year period the population has gone up very, very marginally. However, our whole staffing has gone up 32.7 per cent to manage that system. We would be happy to give some details on that. A lot of it was due to the fact that the young offenders, 16- to 17-year-olds, came out of our adult system. We took over three institutions from the Ministry of Community and Social Services and revamped those systems and put another one on stream. That really alleviated the pressure from our whole adult system. The utilization factor, at the same time, was very marginal over that period of time.

However, our long-term capital plan, which addresses about \$180 million in 1986 dollars, will be used for refurbishing, putting additions on and revitalizing the old stock. But we are paying particular attention to the triangle between Halton, Barrie and Oshawa where the population and the remand population, because of the jamming of the courts and because of the 96 officers the Metropolitan Toronto Police are hiring for the drug squad, are going to cause some problems in this area in the future.

Our plan, basically, over the next 15 years, where we had forecast to build some 2,800 to 3,000 beds, is to build only 1,100 beds, but we are going to concentrate a great deal of effort in this triangle. In general terms, Whitby Jail would have probably 80 to 100 beds added to it and Metropolitan Toronto East Detention Centre would have between 140 and 180 beds added to it. Mimico would have 60 to 80 beds, but for remand only, not for custody. For Maplehurst Correctional Centre, which is a minimum security prison, we are looking at a detention centre there in the future to take the pressure off Metropolitan Toronto West Detention Centre because the whole growth of Peel and Halton will far exceed the growth in some other areas of the province, if not Canada. It is about 120 beds.

At the same time, we are looking at renovating and extending the Barrie Jail by building a brand-new section over the parking lot in Barrie, leaving the 60 good beds at the back of the jail

and renovating the old historic jail for a program area.

That would give us between 500 and 550 remand beds in the area where the remand population is going to be because when we peruse the figures of utilization of prison remand beds and custody beds across the province, it has only marginally gone up in the last five years.

The attention of the Toronto press is directed to one area. The attention of the union is directed to our closing of 72 beds because of no inmates. Somebody does not get overtime and his income goes down and so on. It is a bit of a schizophrenic problem we have in trying to manage the system. However, over the five-year period, our staff in institutions has gone up 32.7 per cent and our inmate population has only gone up marginally. In the probation service, our probation workload has gone up in the same period 9.6 per cent and our staff has gone up 38 per cent.

We try to interject into the system a different way of managing the population, bearing in mind that the triangle in the greater Metropolitan Toronto area has to have special attention because of the court backup and because of the changing mosaic and the different kinds of people who are being brought in and the enforcement provisions, particularly of the Metropolitan Toronto Police, which we think will cause us significant problems.

Mr. Farnan: I just want to ask a question that might be right off the wall. But I will put it out to you and maybe it will not apply.

I was reading somewhere recently, I am not sure of the jurisdiction but I think it was Maine, where they have talked about relocatable prison systems and building relocatable units where they can actually move blocks similar to, I suppose, relocatable schools or parts of them. Obviously, with the way prisons were built in the 1800s, it would not be very relocatable, I suspect. However, is our situation so stable that this concept would not really apply, is there a movement where you might be looking at something along those lines or have you even investigated what they are doing in the United States?

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Mr. McDonald: In the United States, there are portable prisons on wheels where you have up to 24 beds. It is like a trailer, all set up with a kitchen at the end of it, that you can take out into the bush or a very rural area. They also used those initially in very heavy prison populations where they use segregation, but the American system is so densely populated that these 24 beds do not

even scratch the surface where they have 3,000 federal inmates in a prison.

We have looked at it only from the standpoint of doing something in a rural area, but by and large our population in rural Ontario, in Owen Sound, Walkerton, Perth, Cornwall, Brockville—sometimes Sarnia gets a bit out of line because of the border problem—is very stable. We are always operating at about 80 per cent capacity, unless there is a drug bust and somebody brings in 20 people in one night. That gets a line in the newspaper that we are over capacity. But, by and large, it is not the case. Our overcapacity problem is in that triangle in the Metropolitan Toronto area and that is what we have to address. In the rest we have aberrations from time to time, but the temporary closing of beds is really because there are no inmates.

Mr. Farnan: I would like to go back to the minister for a couple of things. First, I really think we can commend the ministry on a continuing successful integration of more women into the prison delivery service and on efforts to provide fairness to women within the system.

There was a case that came up last year. On one visit, and I cannot even recall at this stage which prison it was in, I remember being in a prison and the reception desk was in close proximity to the area where inmates might be stripped.

Hon. Mr. Ramsay: The admission and discharge area.

Mr. Farnan: Yes. Basically, it rang a bell about a case that had come up somewhat earlier. I think it involved a female employee who wanted to have experience in this area, but because certain precautions had not been taken it was not available to her. Has that kind of situation been addressed and resolved?

Hon. Mr. Ramsay: Yes, we have put modesty screens, privacy screens, in place in areas like that, so that we can fully integrate all our employees at different workstations throughout the different institutions.

Mr. Farnan: So women are not being excluded from that particular posting within the service because of proximity to the other area?

Hon. Mr. Ramsay: That is correct, if the appropriate modesty screen can be put in place so that you also, on the other hand, protect the rights of the offender. We are trying to accommodate that, so that in a sense the rights of both people are fulfilled.

Mr. Farnan: Can you say that in all the prisons where women are employed these types

of modesty screens are in place and therefore that job is open to women?

Hon. Mr. Ramsay: I cannot tell you that it is possible to put a correctional officer of either sex in every posting in 100 per cent of our institutions without offending the rights of an offender. Where we cannot do that, if we just cannot install the proper equipment to do that, then we put the appropriate CO in place so that the rights of the offender are protected.

Mr. McDonald: I think the major area where some of our young women correctional officers wanted to get in was admitting and discharge, for the use of a computer, so they could log on with the new computer system. We are taking that into account in the total renovation, so that they can do that in every prison. There are a couple of places where the police bring in inmates via a side door and the situation where the computer now sits, prior to the new system going in, precludes that from happening. But in the larger detention centres, in the larger jails it is interchangeable now.

Mr. Farnan: My final comment tonight is that I was particularly pleased with the comments of the minister when he talked about a social justice system. I really do believe, and I think my colleague the member for Durham East (Mr. Cureatz) addressed that in his presentation, that it speaks of your good background, Minister.

Mr. Cureatz: That's pretty good. I didn't think he would be up to such subtleties.

Mr. Farnan: What? Did I say something I was not conscious of?

Hon. Mr. Ramsay: It was just a compliment.

Mr. Farnan: Okay. Do I take it then that you are in there fighting for a decent minimum wage and for a guaranteed annual income?

Mr. Chairman: I think you are straying from the issue.

Mr. Farnan: Based on your comments, I think these are real ways of reducing our overcrowding in prisons.

Hon. Mr. Ramsay: Let me just say that I agree that if we build a better social justice system, we will not have to be so reliant upon the criminal justice system. I think that is why we are all here.

Mr. Farnan: Well said.

Mr. Chairman: It is almost six o'clock. I understand there are more questions from Mr. Cureatz.

Hon. Mr. Ramsay: I have one response to the statements.

Mr. Chairman: Why do we not agree, as it is six o'clock, that we will adjourn until Monday after routine proceedings?

Before we do that, I would like to get some direction that we would perhaps be able to vote on all of the items at a certain time on Monday. Is there any difficulty with that, that we would stack the votes, let's say, at—

Mr. Cureatz: If not earlier, at a quarter to six.

Hon. Mr. Ramsay: We can have open

discussion and dialogue until a quarter to six and then do the votes.

Mr. Chairman: I would like to delay any requests for time— If we are going to have a vote, perhaps we could set a deadline of five o'clock as the—

Mr. Farnan: That's fair.

Mr. Chairman: Okay. We stand adjourned until after routine proceedings Monday.

The committee adjourned at 5:57 p.m.

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Witnesses:

From the Ministry of Correctional Services:

Ramsay, Hon. David, Minister of Correctional Services (Timiskaming L)

McDonald, Robert M., Deputy Minister

Crispino, Leonard, Assistant Deputy Minister, Operations Division



No. J-6

Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Administration of Justice
Estimates, Ministry of Correctional Services



First Session, 34th Parliament
Thursday, January 30, 1989

Speaker: Honourable Hugh A. Edighoffer
Clerk of the House: Claude L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Thursday, January 30, 1989

The committee met at 3:43 p.m. in room 228.

ESTIMATES, MINISTRY OF CORRECTIONAL SERVICES (continued)

Mr. Chairman: I acknowledge a quorum; some standing, some seated. Would members please take their seats, particularly the parliamentary assistant to the Attorney General?

Mr. Cureatz: Can we have some acknowledgement that we are going to try to wrap up these wonderful estimates some time today?

Mr. Chairman: My understanding was that the time is going to be abbreviated and I think the minister has responses to a number of questions that were put by each of you.

Mr. Cureatz: Five o'clock? That would be a nice time for me.

Mr. Chairman: We would hope to do that so we could have another subcommittee meeting.

Mr. Cureatz: That will not involve me.

Hon. Mr. Ramsay: I am certainly in the critics' hands however they would like to proceed and finish this off.

Mr. Cureatz: We appreciate that. We have covered some interesting areas. The health one is still one I would like to have touched on, but I would like to follow up with the minister and with the New Democratic Party critic when we resume some time in the springtime to maybe have afternoon visits out to Mimico to inquire further about the electronic monitoring that my colleague is concerned about. I would like to see that myself.

Hon. Mr. Ramsay: Yes, that would be fine.

Mr. Cureatz: Let's make sure we follow that up. Other than that, I would be happy to try to conclude at five o'clock.

Mr. Chairman: Is that okay, Mr. Farnan?

Mr. Farnan: What is going to happen now? Is the minister going to respond to some issues that came up before and then we will carry on?

Hon. Mr. Ramsay: Yes, I am prepared to do so. If that is the way you would like to proceed, that is fine; I would not mind doing that unless you wanted to go into other areas.

Mr. Farnan: No, that is fine.

Mr. Chairman: Perhaps you could do that, Minister; then if there are any questions arising out of that we will try to—I gather we have consensus that at five o'clock the balance of the time will be waived and we will vote on the ministry's estimates. Is there general consensus? Agreed? Unanimous consent?

Agreed to.

Hon. Mr. Ramsay: One of the areas that was touched upon by both the critics was the treatment programs we have in place in the institutions. A couple of points were brought up about cost-effectiveness of those programs with regard to the average length of stay that our offenders have with us. We are often criticized, because there is a short stay in the provincial system compared to the federal system, about the possible cost-effectiveness of treatment programs and whether this is the place to be providing such programs.

To that I would have to say that while in many cases we do not have the offender in our care for as long as we may like to provide the treatment programs that we think may be necessary, it is important that while we do have people under our supervision we try to work with them as best we can. Even if you cannot complete a course of treatment as fully as you would like, I think it is our obligation to try to help the offender while we do have him in our care.

Obviously we should be looking, in co-ordination with other ministries in the criminal justice system, at aftercare and making sure we can provide programming while the people are out in the community. We try to do that and we certainly are working with other ministries to do that. But I do think that while we do have people, we have to be working on illiteracy, because that is a big problem, we have to be helping with psychiatric treatment and a whole range of programming that the Ministry of Correctional Services has developed over the years.

Do you want to discuss that while we are on treatment?

Mr. Cureatz: If you recall, Minister, I asked you in the House during question period about my concerns and information that I have received, that in some cases judges were prone to giving longer sentences to youths in recognition

that a short-term sentence would not let them avail themselves of any opportunities for participating in any alcohol or drug rehabilitation programs. We were wondering if this is true, if you have any kind of documentation or statistics to indicate that young offenders are, in some cases, being given longer sentences than necessary only to fit them in the appropriate program?

Hon. Mr. Ramsay: I will ask the deputy, Bob McDonald, to answer.

Mr. McDonald: Initially, when the Young Offenders Act came into effect in stage 1, 12- to 15-year olds, and then subsequently 16- and 17-year-olds, the sentencing seemed to be longer than it was under the Juvenile Delinquents Act. We think, though, it was just an aberration in the new act. It is beginning to settle down now, where the sentencing patterns of 12- to 15-year-olds and 16- and 17-year-olds are generally the same.

We do not find people calling us for advice about length of sentences or programs. The judges seem to know that the sentences they are giving are really fitting the crime, based on the new criteria of the Young Offenders Act. Initially, there was a lot of apprehension on the part of the courts and on the part of people working in the system as to what the new Young Offenders Act meant. But by and large it has settled down in the last 14 to 16 months. Initially, though, you had a range of differences in sentencing. Somebody with breaking and entering would get 90 days and another person would get six months; but now it seems to be in the same ballpark. You do not find a situation where this is a problem.

There was also, initially, the open custody problem versus the secure custody problem where some members of the bench were giving open custody dispositions to people who might have normally had probation. That was in the first six to nine months of the act, but now it is pretty well settling down again. Those who normally might have got secure custody usually get open custody dispositions, but the judge is seemingly trying to give them a break in reintegrating them into the society sooner.

1550

Mr. Cureatz: Is there any kind of monitoring at all within the ministry? Do you look at statistics of young offenders?

Mr. McDonald: The statistics do not really help you. You get a 15-year-old in the stage 1 system who seems to be quite a model person and gets himself into trouble in that system. We get a

17-year-old who we think is going to be problematic and he becomes a model person. It really depends upon the problem the young person has within himself rather than the offence he may have committed. The offence may be breaking and entering but he has a whole range of problems, from incest in the family to a whole situation with the children's aid society right straight through to children's mental health, and we have him at the time. But that is not related before the court to that specific offence; we usually find out afterwards that he has a problem.

Mr. Cureatz: Thank you.

Mr. Farnan: I wonder if I can follow up on the member for Durham East's line of questioning. I had some correspondence with the minister with regard to an individual from Cambridge on this very matter.

Programming for short-term offenders: The individual I wrote to the minister about was an individual who wanted drug rehabilitation counselling or programming. Basically, he was told that they would fit him into the next session that was starting up. Of course by the time the next session was starting up he was back in the community.

My concern is that if alcohol and drug programming and rehabilitation are significant factors of treatment that are required by inmates within our system, surely there has to be a program which is continuously ongoing and can respond to the needs of the population that exists within any particular institution at any time and says: "Yes, you are asking for programming. We'll provide it for you."

It seems to me very tragic, and in this particular case doubly tragic because the individual was building up drug debts within the institution at a time when he was calling out for help for a program within the institution that would help him with his drug problem. In fact, he may have been a case in point in the matter of an individual released to society sicker than when he went in.

Hon. Mr. Ramsay: I would point out that as a supplement to the programming that we provide through the ministry, we have a highly trained and well-organized volunteer program. It ranges from 4,500 to 5,000 people from time to time. Alcoholics Anonymous and Narcotics Anonymous play a very big role in providing that extra service on a continuing basis. That is always there as an underpinning to the programming that we supply professionally during the daytime. That is always there also, so certainly there is no way that people's needs like that are being

ignored. But I take what you have said under advisement and we will look at it to make sure that programming like that is always available. I agree with you that it is very necessary.

Mr. Farnan: You agree that, for example, Alcoholics Anonymous coming in once a week does not constitute what is required. Obviously, I think our institutions benefit immensely from the contribution of volunteers. The significant contribution of Alcoholics Anonymous, etc., is remarkable, but it does not constitute the daily program that these individuals require during this particular time. There is probably very little other opportunity, where these individuals are in the kind of situation where they can actually be taken and some kind constructive program set around them.

In that light, I would like to ask a question in terms of the electronic monitoring. One of the arguments was that these programs, AA, etc., are not available in institutions on the weekend, so we are going to allow them out, back in their homes.

Does the electronic monitoring program permit the individual to be in his home and to be able to phone in to the base and say: "My friend Charlie has called around. He suggests that we go to an AA meeting." So, he takes off the electronic monitoring system for two hours while he goes to the meeting and then comes back and phones in and says: "Okay, the meeting's over. I'm now back in my home." If the argument is that he has been released from prison in order that there be programming available, the program will not be in his home; he has to have the capacity to go out and seek that.

Mr. McDonald: I think the programming of the individual, whether on electronic monitoring or on early release or to work, can be such so that he can go to these treatment centres. There is no problem in doing that. In fact it would be done, because it would not be to the advantage of the ministry or the offender not to be able to go Tuesday and Thursday nights to specific programs, to go to the doctor and so on. So it can be programmed in such a way.

Mr. Farnan: The guarantee is that it will be programmed in that way?

Mr. McDonald: Yes. One of the problems that we have with the drug offences, and drug and alcohol abuse by young offenders in particular, is that only five per cent of the convictions are for drugs. The other 95 per cent are for breaking and entering, theft or automobile infractions, and we find out after the fact that the person is into alcohol and drugs.

The problem we have is that a great many do not want us to deal with them. Some do want us to deal with them. Where they want us to deal specifically with them—because we cannot force them—we have programs in place to deal with that and some aftercare programs that can tie them into community drug programs, especially with someone who is really in trouble with drugs.

But 95 per cent of the young persons that we get in are not there for drug offences and convictions. The other problem is that when they are into alcohol or drugs there is a range of other problems such as life skills, family problems and a range of school or illiteracy problems, and the whole thing has to be looked at at one time, not just the drug problem, because the drugs or alcohol may be affecting his inability to read and cope with the situation. It is a bit more complicated than somebody gets 60 days so he or she can get looked after for drugs that might have been permeating him or her for five or six years.

Mr. Farnan: Okay. Anyway, it is just an area. Is it okay? Did you want to go to another area, Minister?

Hon. Mr. Ramsay: You talked about another area, our work programs.

Mr. Farnan: Yes.

Hon. Mr. Ramsay: I have made a note here. If I remember, you were saying you thought there were not enough of them. That is actually one area I am quite proud of in corrections. We offer quite a varied range of work programs and it is more than just the proverbial manufacturing of licence plates, which we still do actually in this province. The licence plates, for example, are produced in Millbrook Correctional Centre, south of Peterborough. That is just one of many shops we have in that institution that not only trains and teaches our offenders manufacturing of certain products, but also helps us with self-sufficiency in producing some of the products that we use ourselves.

For example, in one of the metal shops in Millbrook we produce our own doors and even manufacture the door lock mechanisms. It is interesting to note we do not allow the offenders to actually assemble the final door lock mechanisms.

1600

Interjection: Why not?

Hon. Mr. Ramsay: I am not quite sure of the reason we do that. We have to spoil some of the fun.

We produce many products in our institutions. In Mimico I am very impressed with the

silk-screening production. All the Ministry of Natural Resources signs—for instance, provincial parks and other signs that MNR has such as the access road signs—are all produced by our people. We do assembly of muffler components for some of the muffler shops in the area which manufacture those components. They do some sort of—

Mr. Farnan: Minister, I do not want to interrupt but I think you are deviating from my question. My concern was with the detention centres and what I believe to be a real dearth of programming. I think there are all kinds of nice things the ministry can put in its window and say, “Look at the nice things we do in some of our correctional institutions.”

What I am talking about is that in my view—and I think this is reflected in all of the discussions I have had with professionals in the field, both the staff and agencies working in the field; I have to be quite frank. On occasions when I have visited a detention centre I have felt that smoking was the major program of that particular centre over a weekend; that individuals were warehoused and would sit there and smoke and play cards.

Now there is a reality. There are two worlds out there in the corrections institutions and I think you would be one of the first to admit that. There are some very high-level programs, some very valuable things taking place, but there are areas where there is really a dearth of programs, and my hope is that your commitment is to endeavour to address those areas.

Hon. Mr. Ramsay: Just to comment before I pass it on to my officials, you must appreciate that there are very different circumstances in a detention centre than in some of our other correctional facilities. When you have a more stable workforce you can start to run production lines. You can start to produce crops in our farms like we do in our correctional facilities where we have farming operations. It is very difficult to run that type of operation in a detention centre where people are going to court, sometimes on a weekly and even daily basis when they are on trial and that sort of thing. I would like to have the deputy comment a little further, but I also would like to hear some of your suggestions of what you think we could be doing in detention centres.

Mr. McDonald: About investing money in programs, we would much rather, in the long term, spend it in the community than in any prison or jail. We deal with some 45,000 people in the community, who by and large are people who can be rehabilitated in a better and quicker

way if there are longer-term programs in the community.

In the institutions, we have in essence 28 small jails across the province, 10 very large detention centres and 10 corrections centres. I do not have the statistic with me, but the average stay of an inmate in remand is somewhere between five and nine days, and there are trauma programs put into effect when people are having to cope with being put in jail or arrested.

In the very large detention centres in urban Ontario, it is really a movement of inmates to court. The Toronto Jail has 175 per day go to the city hall court. What we find is that most of these inmates would do some kind of programming if they felt they had a specific problem, i.e., alcohol or drugs; but by and large they really want to be left alone. It is not that we are trying to abdicate responsibility.

Where we get into the smaller rural jails, more programs are in effect because people are local. They have a different mentality than urban Toronto.

The problem we have in the detention centres and jails is the high turnover of the inmates going to court. The programs there are mostly trauma-type programs, trying to deal with people who are caught in the justice system.

In the 10 large detention centres there is a whole range of industrial programs. We treat industrial and self-sufficiency programs differently from ongoing intervention programs for drugs, alcohol, shoplifting or someone who might be a schizophrenic who is in our system who has to be treated by the doctor. We would rather spend most of the money in the community programs than try to impact during a seven-day to eight-day stay by a remand inmate in a detention centre or jail.

Mr. Farnan: To respond to the minister, I think I heard a recognition of the fact of the lack of programs, perhaps on the basis that this was of choice and with an invitation for suggestions, which I am certainly going to pick up on. I will be in contact with the minister, realizing of course that there is a very fine professional ministry staff. I will be looking to see what the recommendations of the ministry are to improve the programming in precisely those locations you described as being difficult.

I think it is a measurement of the ministry's quality that you are able to respond and find effective programming in situations that are difficult, rather than to say: “Here we have a copacetic group of inmates who are low-risk, conforming. We can work out a nice program

with this particular group." I commend you for some of the many excellent programs, but the challenge lies in other areas that are more difficult. I do not think we should ignore those difficulties because they simply are more challenging. I will certainly be happy to work with you, as I am sure my honourable and esteemed colleague the member for Durham East (Mr. Cureatz) would so likewise.

Mr. Cureatz: In conjunction with that I was just going to add—I was listening to my colleague inquire about the programs—that on page 23 of your opening remarks you stated, "We will be providing greater support to native community correctional workers who provide supervision and consulting services on a part-time basis."

The little experience I have had with that has been on other committees when we have toured the north. It would seem to me, not being from the north, that it is a frustrating area to grasp, especially to the minister. I do not know what your success rates are, if they are high or not high.

Hon. Mr. Ramsay: What we are really embarking upon is trying to get more involvement by the native community in corrections. I really think, and have actually put this to the native community, that as a native community works its way towards and speaks of native self-government, having a stake in many of these exercises of government is probably a good place to start. I am very open and have started the consultation process, as I mentioned in my opening remarks, basically offering an opportunity for the native community to really be a part of what we do.

As a matter of fact, we are having a meeting at the end of this month in Thunder Bay with about 28 probation and parole officers who we have come in for a training course for upgrading. At the same time, we are talking to the native community and all the different advocacy groups within that community to see how we can help them play a bigger role in corrections. I have been working on some programs and looking at some band-assisted housing so that we could provide incarceration, where it is necessary, closer to the band rather than having to ship people out from the reserves to more southern areas of the province—that is relative to where those bands are; it is still northern Ontario.

To me it is a great challenge; it is an area I am very keen about and very interested in.

Mr. Kanter: I wonder if I might put a question at some point about treatment for spousal assault. I realize this is primarily the opportunity for the

opposition to ask questions, but this may relate to treatment programs both opposition members have raised.

Mr. Chairman: You cannot unless they agree with it because this is the critics' time.

Mr. Farnan: There are a couple of things. I certainly will bear that in mind and try to cut my remarks.

Mr. Kanter: That is fine.

Mr. Chairman: Perhaps at the end, after the critics have satisfied themselves, you may ask a question; as long as we do not go over the time we have agreed on.

1610

Mr. Farnan: I would like to go back to an issue my colleague the member for Durham East raised earlier in his opening statement, and that was on the realignment of staff, management, etc.

I have had some conversations concerning this issue. I would like to present this to the minister and the deputy. Some line supervisor positions, I believe, are being abolished, and these individuals must now compete for these positions. In the Metropolitan Toronto West Detention Centre, for example, there are presently 28 corporal positions. A new position would be an OCR-14. These 28 corporal positions are being reduced to 22 OCR-14s. In the management group, there were 15 lieutenants and these are being cut to 12 OCR-16 positions. In total, where we had 43 supervisors there will now be 34 managers doing the equivalent job.

At the same institution, rumour also has it that line staff, correctional officers, will be cut by 10—not so much cut; there was a current competition posted for 12 new COs and this has been put on hold. There is the whole area of fairness—that is one area—of letting the line supervisors have first crack at the new OCR positions.

I would like to take this up in conjunction with the very strong expression among front-line workers that there is increasing pressure on the institutions. Here we have a cutdown in management and additional pressure is going to be put on the front-line workers. There are 300 to 400 assaults per year among young offenders at Metro West. Of the 34 positions that will replace the 43 supervisor positions, one of these will be a supervisor for the whole jail. There will be two lieutenants, one charged with security and one charged with staff training. So there are three people out of commission. There is one scheduling officer of the 22 new sergeants. So a whole

group of these individuals will not have line duty.

There is a growing concern in Metro West and among COs across the board that what is happening in this rationalization, whatever rationalization it is, is that you want to do more with less at the moment in time when there is extreme pressure and increased tension upon the front-line workers.

I want to give you these facts. In the Don jail in the last week there were 600 inmates, 150 more than they can handle on any good day. Metropolitan Toronto East Detention Centre had 480 inmates, a very high number for that institution. The workers are conscious now of people backing up the detention centre population. There are up to 100 beds closed in Guelph. At Maplehurst Correctional Centre one unit has been closed; 50 beds. At Millbrook Correctional Centre one unit has been closed; 20 to 30 beds. Last week, inmates from Toronto detention centres, for example, were moved from Metro East to places like Sudbury, Quinte and Niagara Falls.

On the one hand the minister is saying to my colleague, "We are going to try to take care of the bands so that they will be taken care of close to their homes;" on the other hand we are saying to the Metro people, "We are moving you to Sudbury, Quinte and Niagara Falls."

The feeling among correctional staff is that sentenced inmates should go to a correctional centre and not to another detention centre. Their belief is—maybe you could express a view on this—that it is cheaper to keep an inmate at a detention centre than at a correctional centre. I would concur with that, based on what we talked about in terms of programming. If you have good programming at your correctional centres and a lack of programming at the detention centres, I think there may be some substance to this concern.

Not increasing staff complements in detention centres aggravates the competition. Their claim is that if you compare the ratio of managers to correctional officers over the past five years, it will indicate that COs are static and there is a significant increase in management.

There is a lot of stuff thrown in there.

Hon. Mr. Ramsay: I will ask the deputy to respond to that.

Mr. McDonald: There are five questions in this.

Mr. Farnan: At least.

Mr. McDonald: Salary compression came about due to the fact that under collective bargaining the union went to arbitration seven

out of 10 years and substantially eroded the salary levels between the frontline supervisors and the collective bargaining CO unit.

When we rationalize the institutions, what we are doing in essence is eliminating the category of CO-3 as a manager who is neither fish nor fowl. That person had duties within the corrections system as labour force on the floor while having managerial duties or foreman duties or supervisory duties. So in the salary compression, all the OCR-15s, who were basically in correction centres, were increased to OCR-16s, to look after this differential, and all the OCR-14s in small jails were moved to OCR-15s.

In the case of the specific questions you have about Metro, with respect to the Metropolitan Toronto West Detention Centre, without having the organizational chart I cannot answer specifically, except to say there are 600 inmates and it is three institutions within one: young offenders, women and adult males. There is more staff there to cover the three-institution spectrum.

We would be happy to get an organization chart for you on the staff who are on each of the ranges and go over with you that the erosion has not taken place with correctional officers. In fact, over the past three years, correctional officers have increased by five to one or six to one compared to management.

The other point I wish to make is that over the past five years there has only been a marginal increase in the inmate population across the whole of Ontario, and a 32.7 per cent increase in staff. We will grant, though, that in the greater Metropolitan Toronto area there is more pressure on the system because of the remand inmate population increasing the capacity of our detention centres. But by and large, across the whole province, this has not happened. This is why the minister opened a 68-bed remand centre at Mimico. We are looking at adding capacity to Whitby, Metropolitan Toronto East Detention Centre, and Maplehurst.

The other problem was about closing units, which was the fourth question. Units have only been closed where there were no inmates to fill them; where the counts were substantially lower. The reason this came about—there was no magic—is that the ministry put on four new institutions for young offenders: Bluewater, Sprucedale, Brookside and Cecil Facer. It took 16-year-olds and 17-year-olds out of the adult system under the Young Offenders Act and therefore had the availability of 500 additional beds for the regular population.

By the year 1990, this will have caught up with itself so that the system will have filled up. It happened to fill up quicker in Toronto. This is why we had our contingency plans to add the 100 beds to Whitby, 120 beds to Metro East and 68 to 100 beds to Mimico, in order to take this heat off; save and except that we did not forecast that the remand inmate population would escalate at a higher rate than anticipated based on the backup of the courts.

1620

The other problem about one being cheaper—correctional centres versus detention centres—is that to us it is only marginal. It is to our benefit to move people who are sentenced for more than 90 days very quickly out of our system and into the correctional centres, where we have capacity. We have 28 bailiffs, buses, cars and a station wagon that are moving people all the time. It is only marginally different in cost, based on the numbers. If you do not have 600 inmates at Toronto West and you have only 500, yours costs are driven up by the sheer numbers of change, based on the fact that you have to staff up your institution for 24 hours a day.

The other point in the Metro region is that we have a capacity at the Don jail of 528 inmates. There have been between 600 and 606 for the last three weeks. We have begun and have filled up the 68 inmate population at Mimico. This is about 10 per cent higher than we have ever seen before. It could be attributable to remand, not to sentenced inmates. The only sentenced inmates that are in Toronto jails, save and except maybe half a dozen, are people who also have other charges pending before them and have to go to court.

In the case of the east it is about 10 per cent to 12 per cent above what it has been in the past. The west is about level. As to the number of correctional officers to inmate population, we can give Mr. Farnan the chart for the four institutions in Toronto. We would have to make it up, to integrate it, to show what it was two years ago versus now. There is a very marginal difference. In this whole compression situation that we have been dealing with across a whole population of almost 6,000 persons, I think from memory there are 37 net staff not there in the whole system.

Mr. Farnan: If I can conclude my remarks now, I will pass it over to Mr. Cureatz. I think the greatest resource, and you will agree with me, is the correctional officers and the workers that we have working for us. We are going to give you an example. At Toronto East last week, we had a

situation where two officers were pulled off one floor, leaving one officer to cover a special needs area with 78 inmates—a group of potentially suicidal inmates, active psychotic states, violent and aggressive natures.

Right at this time we are having a series of rotation demonstrations by workers within our institutions. There is a very strong message that is, I hope, coming through to the minister and the ministry that all is not well with the workers in our institutions. I think this is simply a reflection of a malaise of concerns that the front-line workers have that are not being addressed or that they feel are not being addressed.

A few months ago, in September or October, there was an operational review at Toronto West. There was a major audit. The indications are that audit review pointed out that there was a shortage of staff and a shortage of supervisors. Would you confirm that fact?

Mr. McDonald: There was a posting analysis in which there was a difference of opinion about the ratio of officers to staff, supervisors and unclassified staff who were at the Metro institution as compared to the classified staff. The difference of opinion, to the best of my knowledge, was that they wanted to have three supervisors on at night and we wanted to have only two, one looking after the male and one looking after the young offenders and the female population, where the offenders are locked up in their cells at night, plus the floaters on. I do not think there was a major difference of opinion that I can recall. I do not have the official report on the posting analysis yet.

Mr. Farnan: Basically, I would simply state that there is a real feeling among correctional workers that they are understaffed and overstressed. This is a very tough job. There are few jobs that I can think of that exert the kind of pressure similar to that on a correctional officer. I cannot think of anything as stressful.

One of the things, and I can say this absolutely, that relieves pressure is having backup. I think that is always a concern. When you are talking about individuals who are potentially suicidal, actively psychotic, violent and aggressive, there has to be that concern for the safety, the wellbeing of employees in the job situation.

Hon. Mr. Ramsay: I want to argue, because twice now the deputy has cited statistics that do not prove that out. Over the last few years we have had a staffing increase of 34 per cent and a couple of per cent increase in the offender population. The ratio has greatly improved over

the last few years. There has been a tremendous increase in staff, but not so with the incarcerated. I just do not know where it is coming from.

Mr. Farnan: You, as much as anybody else, will be aware that you cannot simply do a straight analysis of inmates versus staff. You have to do an analysis of the type of inmate and the type of problem versus staff.

In the remarks of the deputy, I beg to differ with you Minister, there was no refinement of the analysis other than a raw figure of "we have this many staff, we have this many COs." I want to know the types of individuals who are being held, the types of situations and the types of employees.

I feel I have gone on. I want to let my colleague in, but one of the problems with the Ministry of Correctional Services, and I want to say it and put it on the record, is that I think it is rather defensive as a ministry in terms of releasing information. I know that when we talked about the electronic monitor you said the paper could not be released because it went to cabinet. All of the information could have been released in terms of discussion before it went to cabinet, but it was not.

When operational reports and audits are made, I think they should be immediately discussed and handed over to Canadian Union of Public Employees workers who are involved as correctional officers or their representatives. The audit review that was requested by CUPE that took place in Metro West was refused to its representatives because it came down the line that it was in rough form and it had not been typed up yet.

Mr. McDonald: If I could just speak to that one point, we do not think it is very good to release a report that is not complete for everyone's purpose. The posting analysis and the report at Metro West, for example, has not been completed. I have not seen it, nor have some of the senior staff. We have sent in independent people to look at the posting analysis there, as we have in several other institutions. Within the operational reviews that we do at institutions, where a review is totally complete and where action is being taken, we have shared this in discussion with local representatives of the labour force. We do not think there is any purpose in putting out a half-complete report that really does not tell us anything, that is not of the fullest nature. That may be defensive, but we believe it is prudent to get all the information out.

1630

On the other point, you are quite correct in that I did not differentiate between a high level of

problems in some inmates, but that is why we have certain corridors and wings of institutions where we put these people rather than with the general population. In Metro, for example, there are three institutions at which there are very problematic people—suicidal, schizophrenic.

Mr. Farnan: You have argued throughout these estimates that you are releasing the less-difficult-to-handle quicker, putting them back into the community, and there is a concentration on the more difficult cases. I believe you. If you argue that case, then you also have to argue that the present inmate body constitutes a much more difficult body than existed several years ago. To draw that to a logical conclusion, you must increase your staff to recognize that you are dealing with a tougher, harder-to-handle group of inmates. That is based on your own arguments here in the estimates.

Mr. McDonald: There is no question about that. That is why the fee-for-service contracts with psychiatrists have gone from \$480,000 to \$950,000. That is why we have psychologists and psychiatric social workers, 42 more of those persons over the last two and a half years than we had before. We recognize that unless there is meaningful intervention with that part of the population society is at risk, and we have to impact on that.

Mr. Farnan: I do not question that. I am talking about your front-line workers, your correctional officers. You can have your psychiatrists or whomever to come in one or two days a week to meet this group or that individual, but when you increase the difficulty of the inmates in terms of handling, you must respond with increased staffing.

Right now, the front-line workers are saying to us: "Guys, we don't like working here. It's tough. It's stressful. We're burnt out." I think the demonstrations that are going on right now are a cry for help. I see the minister nodding his head. I hope that means there will be a response to the staffing needs, because the deputy has clearly indicated here today that we have a much tougher group to handle in the institutions in 1989 than we had in 1987 or 1986.

Hon. Mr. Ramsay: In Metro, that is true. I just want to say that I am responding to the needs of the COs. I have got under way some physical fitness conditioning programs that I wanted to see throughout the system. They are going to be done on a volunteer basis. My prejudice is that everybody should be involved, but certainly I want to bring them in on a volunteer basis, because I think that sort of physical conditioning

can help to alleviate stress and provide the ability to handle stress a lot better.

Also, I want to make sure that a lot of the resources we have that are available for offenders are also there for staff. We have a lot of counselling programs there that could be tapped into by our front-line people, because it is a very stressful job. It is not the best place in the world to work, yet we need people there who are dedicated to do it, because it is very necessary work.

I would be happy to hear any other ideas you might have on how we can help the COs. I have an annual brainstorming session with ministry people from all levels of the ministry. We are about to have another one soon. I think the people on the front line are probably the people who have some of the best ideas. We will be doing that soon, and I would certainly welcome your ideas on how we can make that a better workplace.

Mr. Chairman: Just before Mr. Cureatz starts up, are there any further questions to be answered for either of the critics, seeing as how we are set for five o'clock for the vote?

Mr. Cureatz: I have one further inquiry, and Mr. Kanter indicated that he had one.

I want to follow up with the deputy. Certainly Mr. Farnan expressed in better words than I the working situation, the stress and the pressure. That is something I have to admit I do not have a working familiarity with and I can only listen to those who have reflected those kinds of concerns.

I want to get in my mind the aspect of compression within the ministry. As I understand it—if I can put it in my words, for me to understand it—you were trying to adjust the staff to the population in the context of the population in the various institutions. Is that how I sort of got it, in a nutshell?

Mr. McDonald: There were two things going on. There was an actual posting analysis at each institution to find out what posts we needed. One post represents five workers and we work 24 hours a day, seven days a week. We were doing a posting analysis on the major detention centres and correctional centres, being about 20 institutions. At the same time, we were looking at the salary compression problem, in that the collective bargaining unit over seven out of the 10 years went to arbitration and was awarded contracts that brought them up to within 1.25 per cent or 1.5 per cent of the salaries of the supervisors who supervised them.

At the same time, there was the correctional officer 3 classification which was neither labour force nor management. What we did was begin to eliminate the CO-3 category and make some of those OM-14s or OM-15s, put some of those back into the labour force and create a differential between the top correctional officer and the supervisor who supervised on a shift basis.

We are almost finished doing that, so that where a competition had to take place it meant there might have been five people in a position to get an OM-14 job but there were only four jobs. We had to have a competition rather than just moving them up from CO-3 to an OM-14 or from an OM-14 to an OM-15. So in essence there were two things going on: whether we need to run the institution from a posted analysis of staff, and what we should do about the compression versus management versus the labour force.

The net effect of all that on 6,000 staff was that about 37 persons we do not need were moved out by attrition. We had to move some people, let's say from the male side of Metro West over to the female side because we were short a person there.

We also had correctional staff, management, who were called shift supervisors but they were not really shift supervisors; they were really co-ordinators of corrections and co-ordinators of transportation. We redid their job descriptions to make the whole system legitimate.

There are some people who no doubt feel they should have been the ones who became OM-15s from CO-3s and lost out by competition. There is a problem.

Mr. Cureatz: Yes, I understand.

Mr. McDonald: There is a problem with 22 or 23 of the people. We have said to those people who went down to CO-2 that if there were management jobs they would be invited to compete in the future because they were doing part of that job. There were some managers who did not get put up from an OM-15 to an OM-16 because they lost the competition. We said that if there were another competition because people leave, we would give them the first opportunity to be part of that competition, because they have some experience.

Mr. Cureatz: That is the area that—

Mr. McDonald: That is the area.

Mr. Chairman: Any further questions? The minister has a few further answers to questions, and then if there is time left before five o'clock we will give the other members of the committee

an opportunity to let the public know they were here.

Hon. Mr. Ramsay: Since the critic from the official opposition party is not here, Mr. Cureatz, I might go to some of your points that I have noted that were not brought up by Mike Farnan. You talked about consultation with agency groups we deal with, which I think we could have a discussion on if you want to pursue that. Also, you talked about acquired immune deficiency syndrome, staff training and handling of inmates, another obviously very current topic with everybody in all jurisdictions.

Mr. Cureatz: With the time left I would appreciate sort of an overview of how you view those areas. I was working with volunteer agencies and I remember I was concerned about them suggesting programs and how you monitor their suggestions as to whether they are beneficial or not; and then the AIDS aspect.

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Hon. Mr. Ramsay: It flows into something Mike Farnan had talked about too, because Mike started to talk about the privatization of our system. When you say "privatization," I hope you mean the volunteer, nonprofit agencies we deal with because we really do not deal with—there may be one per cent left out there, or a couple of per cent of the people who supply services for us who are for profit. With those people, they are capped at 10 per cent. That is not the direction we are moving, we are moving away from that, actually.

It ties in with the advocacy groups. What has happened is that over the years those people who were out there advocating for the offender are now very fully involved in the provision of services. These are the people who are almost functioning in a dual role. We have people providing services to us who have been the originators and continue to be the people who we feel have the best intentions towards the offender.

We have the Elizabeth Fry Society and the John Howard Society to some extent. There are subgroups of those people. There are the Salvation Army and various church groups providing services directly for us. We enter into a contract for service provision with these nonprofit groups; we find it an excellent way of providing community programming. They are a big help to us and we know these people have the offenders' best interests at heart. It works well.

Mr. Cureatz: They come forward with possible programs?

Hon. Mr. Ramsay: Yes, that happens.

Mr. Cureatz: How would you evaluate whether they are worth while or not?

Hon. Mr. Ramsay: We have quite a few staff in our community programming branch who evaluate those programs. Also, it is not as if we are separate. We work hand in hand with these people all the time. There is continual contact. In long-range planning and in revising our corporate plan we have embarked upon a very formalized consultation, but in the day-to-day operation of providing programming there is continual communication between our programming people and those advocacy groups out there.

In some cases we may approach them, saying: "We need this type of service supplied in this area. Are you willing and would you be able to provide such a service?" So it is really almost a reciprocal working arrangement we have with many of these groups. We work hand in hand because we both have the same interests at heart.

Going back historically, it used to be that the advocacy groups had a very different approach to how government in those days handled corrections. By and large we have the same view today. There is a much different view by government on how you handle corrections and it reflects, by and large, the work these groups have done over the years.

Mr. Cureatz: The AIDS aspect?

Hon. Mr. Ramsay: This is something we work on continually, because as you know this is such a moving target. The information we discover on a daily basis about this and all the communicable diseases is coming in so quickly that we have to continually monitor and upgrade our procedures. We have everybody in our institutions who deals with offenders undergoing training, which is upgraded continually. I think we were out in the front lines with this because of the clientele we deal with, and we are continually upgrading those procedures.

Mr. Cureatz: If we go on a tour, what I would like to see on a practical basis is the training for officers, both male and female—

Hon. Mr. Ramsay: Sure.

Mr. Cureatz: —for self-protection, and then the kind of instruction to inmates. How do you monitor inmates in terms of AIDS.

Mr. McDonald: If we went to Metro West and Mimico we would see a detention centre and a corrections centre. We could weave into those two things a whole area from riot control to how

the doctor and nurse intervene with someone coming through the door.

Mr. Cureatz: That would certainly satisfy my questions.

Mr. Chairman: Okay. You had some answers for Mr. Farnan.

Hon. Mr. Ramsay: I would love to take up one thing. I wish we had many more hours on this thing, because there is something I totally disagree with you on and I would love to have a big debate on it. That was your views expressed about parole. We could maybe touch on it here. I was really surprised about your view about parole. I am a strong believer in it.

Mr. Farnan: I want to affirm that when I made my remarks about parole they were not remarks about lack of supervision. In fact, all my remarks were based on the premise that indeed there would be supervision, and stringent supervision and greater supervision the more severe the individual. I think if you look back at the record of my remarks in Hansard, there is no case where I have suggested that an individual be released without strong supervision of that individual in the community. I would be happy to discuss the parole item either now or beyond.

Hon. Mr. Ramsay: Sure. I cannot think of a better system than the parole system, because one of the mechanisms I thought interesting about it was the whole foundation, basically, of lay people in the community making those decisions. I do not think you could find a better group of people than community-based people to start to make those judgements on behalf of the criminal justice system. I think we have a very strong and—

Mr. Farnan: I think where I philosophically come to a difference is that I believe every individual who is released from prison has to have strong community supervision. I think that is the essence. There has to be supervision in programs within the community. I think my remarks were based on the fact those individuals who complete their sentences have little supervision within the community, even, I would suggest, based under the parole system.

My belief is that the cost of keeping an individual in prison is equivalent to having a one-on-one relationship between a parole officer and an inmate who has been released. For some part of a sentence you could have a one-on-one relationship between a parole officer and an individual who was released at no greater cost to the system.

Hon. Mr. Ramsay: Can I get a clarification on what you mean by that? Do you mean that there should be one parole officer for every—

Mr. Farnan: No. I am saying the savings in terms of time taken away from incarceration would be the equivalent to the amount of money you would spend on a one-on-one relationship between an inmate and a parole officer. In other words, there are substantial amounts of money that can be used in terms of community intervention and community programs. In the way our system is presently structured, the individuals who need the greatest amount of help in transition actually do all of their time in prison and are less likely to make the transition than the individual who was released earlier.

Mr. McDonald: I think Mr. Farnan is partially right. In the federal system, with the mandatory supervision, persons coming out may not necessarily have the support they need because they have a very wide range of offences. The problem we have in the provincial system is that most people come out without parole. They come out through remission and their average sentence is 79 days. We do not get ourselves in as much trouble as the federal system, which releases very heavy offenders. I think the costing analysis there of more maximum supervision for mandatory supervision inmates is a valid one.

Mr. Farnan: I think it would clarify the debate that is taking place between the minister and myself if we talked about the concept of supervision after release. I think we both agree—it is parole by any other name—that the greater the offence and the greater the problems of the individuals being released, the greater the requirement for community supervision. That is my personal viewpoint.

The way the system actually works is that the individual who requires the greatest help often does not receive it—no, I should not say often; there is the possibility of the individual who requires the greatest help receiving less help than an individual who needs—

Hon. Mr. Ramsay: There is one thing you mentioned. You asked for the establishment of a prison auditor general. I will just ask you, would you not think that the Ombudsman today would really act in that role, that there is protection for the offenders in that office?

Mr. Farnan: I think that—

Interjection.

Hon. Mr. Ramsay: There are signs posted. The phone is right there.

Mr. Farnan: I think it is a specialized field. It is an area of fairly contentious issues and I do not think we should be afraid of the concept of having an individual who would be specifically assigned to that role. I know that issue has come up on a very regular basis, and to some extent I think it would be possible for an individual who was a prison auditor general to have a more intimate and thorough hands-on relationship with the ministry and the whole area.

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Mr. McDonald: If I can, not to be supportive necessarily of the Ombudsman, but the Ombudsman has a unit within his office that deals exclusively with corrections. The largest amount of documentation that he gets is from the corrections field. We have an ongoing working relationship of full disclosure to the Ombudsman's office on any kind of complaint it has. But by and large in our system most of the problems get ironed out between the inmate, the Ombudsman and ourselves before they ever go further than the original phone call or the original small note, and 50 per cent are basically a misunderstanding between people.

When we get into really long-term problems, these are inmates who come into our system in a more regular way, federal inmates. That is where most of the problem comes in inmate advocacy, from people who have been in the system a long period of time. Some of it is very legitimate and some of it is mostly the prison lawyer syndrome. You have to differentiate who the hard-done-by person is as against the prison lawyer—with great respect to lawyers; I do not mean it that way, it is just an “in” saying.

Mr. Farnan: I do not have my notes on this aspect with me, but I believe that one of the recommendations that came out of the Canadian Sentencing Commission was this particular concept. Maybe the minister is more aware of this than I am, but I believe that was one of the recommendations. I would be happy to research the rationale that was produced by that group in putting forward the recommendation. I know it appears to me to be valuable.

I would ask one last thing. The minister talked about a brainstorming session with the various agencies and groups in terms of programming within our institutions. The minister also, I am very happy to say, seemed during these estimates to be fairly open to my colleague the member for Durham East and myself bringing forward suggestions.

With the belief that being well informed is a good basis to start off discussions, I am

wondering if the minister would consider inviting the critics to sit in on the brainstorming session. It may not be as full participants but certainly as observers to hear the good ideas, so that we can then meet with the minister and perhaps present constructive ideas to him.

Mr. Cureatz: I agree.

Hon. Mr. Ramsay: Can I give you a quick answer? The deputy is saying I should think about it, but I am going to tell you no right away and I will tell you why. I do not want there to be any impediment to these people being critical of what we are doing. I want it to be a real free flow of ideas. If they think there is somebody who is from the outside there and that you could hear something and then I do not act on it tomorrow, or maybe it is not a good idea, the fear is that maybe you can take and run with it.

Mr. Cureatz: We would never do that.

Hon. Mr. Ramsay: What we do is we lock ourselves up in a room and we take off our jackets and say: “Okay, let’s go. We know we don’t do everything right. How can we do things better? I want to hear your ideas.” We have all levels from the deputy minister to a correctional officer all working together in different groups, all mixed up. We had a really good feeling last year. I think I would really breach the sort of trust that we developed in that if I said: “I’ve got a couple of observers; and not only are they just observers, guess who they are? They’re the critics.” I think it would distort what I am trying to do, so because it is my thing I am going to tell you no.

Mr. Chairman: I think that is a straightforward answer.

Mr. Farnan: While I admire your frankness, I want to suggest that you have dashed all of the good feelings that were building up inside of me.

Mr. Cureatz: That is right.

Mr. Farnan: I do believe that I talked about openness in terms of not being fearful, being willing to release papers and advance studies and analyses. Indeed, the real measure of openness of both you and the ministry on any particular innovative idea would be that when you have the consultants’ analysis of, let’s say the electronic monitoring, you pass this on to the critics and say: “Look, you’re the critics. You have a responsibility to make informed judgements about the electronic monitoring.”

But you did not pass the information and the ministry did not pass the information. They even did not pass it to those agencies that asked for it, the John Howard Society—

Hon. Mr. Ramsay: I disagree with that, because as the minister I am going to decide what we are going to consult on. The pilot project is the consultation, and I am going to share that with you. That is what the pilot project is. We are going to see if this thing has any worth at all, and I am going to share that information as we develop it.

All we had before that is the information from other jurisdictions. Now we are in the consultation and I have invited you to come down and see it. Somebody has to start it. I am not going to come to you and ask, "What are we going to consult about?" I am saying, "I would like to try this and here we go. This is the consultation and it is in public and it is a pilot and let's work together on it."

Mr. Farnan: I would like to leave a parting line with the minister, because I may not have this opportunity for a while.

Hon. Mr. Ramsay: Let's hope not.

Mr. Farnan: That is an unfortunate remark, as we conclude the estimates, to say, "Let's hope we do not have this conversation;" because what I heard through the estimates was, "Let's talk, bring your ideas, etc., etc." But what I hear now at the very end is: "No, you can't sit in as an observer. Let's hope we don't meet again to discuss the issue." That is sad.

Minister, I hope and I am sure my colleague the other critic hopes that we get full information on whatever is happening in the ministry in sufficient time that we can participate. You said you want to hear how we can contribute. We

cannot contribute when you are formulating your judgement call if you are going to say, "I'll make the judgement call, and afterwards we'll see what these guys say." If you are really serious, you say: "Okay. They're concerned. I will listen to what they say." The judgement call is still yours; nobody can take that from you. But what you can do is either demonstrate a willingness to listen and then act; or a willingness to act and then say, "I'll just listen to the critics after the fact." I hope you are prepared to listen to us during the process.

Mr. Chairman: It is now just about five o'clock. Are we ready to vote? Shall vote 1001, items 1 to 11 inclusive, carry?

Vote 1001 agreed to.

Mr. Chairman: Shall vote 1002, items 1 to 4 inclusive, carry?

Vote 1002 agreed to.

Mr. Chairman: Shall I report these estimates to the House?

Agreed to.

Mr. Chairman: Hopefully this report will be received with greater favour than the last two I have made to the House.

I appreciate your co-operation, Minister. It is very kind of you to come here and answer the questions of your critics. Shall we name the members, so that it is known they were here? No? Okay.

The committee considered other business at 5:01 p.m.

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Monday, January 30, 1989

Estimates, Ministry of Correctional Services

Consideration of other business J-135

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Chairman: Callahan, Robert V. (Brampton South L)

Vice-Chairman: Chiarelli, Robert (Ottawa West L)

Farnan, Michael (Cambridge NDP)

Hampton, Howard (Rainy River NDP)

Kanter, Ron (St. Andrew-St. Patrick L)

Mahoney, Steven W. (Mississauga West L)

McGuinty, Dalton J. (Ottawa South L)

Offer, Steven (Mississauga North L)

Polsinelli, Claudio (Yorkview L)

Runciman, Robert W. (Leeds-Grenville PC)

Sterling, Norman W. (Carleton PC)

Clerk: Deller, Deborah

Witness:

From the Ministry of Correctional Services:

McDonald, Robert M., Deputy Minister



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Hansard

Official Report of Debates

Legislative Assembly of Ontario

Standing Committee on Administration of Justice
Estimates, Office Responsible for Native Affairs

First Session, 34th Parliament
Monday, February 27, 1989

Speaker: Honourable Hugh A. Edighoffer
Clerk of the House: Claude L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Monday, February 27, 1989

The committee met at 3:55 p.m. in room 228.

ESTIMATES, OFFICE RESPONSIBLE FOR NATIVE AFFAIRS

Mr. Chairman: I understand that off the record there was discussion that rather than the 31-page or 32-page document from the Attorney General (Mr. Scott) being read into the record, it would simply be appended as an exhibit. Mr. Pouliot has a document of I am not sure how many pages, by way of criticism, which will also be appended as part of the record. Mr. Runciman does not have a written submission.

Is there unanimous consent, so say you all?

Agreed to.

Mr. Chairman: Such will be the case [see page J-31]. Perhaps you could make some brief opening remarks, Minister.

Hon. Mr. Scott: I would just congratulate the committee on adopting what I think is a sound policy, permitting these papers to be filed in this fashion, and simply bring to your attention that what my paper deals with, when you get a chance to read it if you have not already, is a number of the issues that have confronted us since we last met two years ago.

The first three issues are:

1. The context in which native affairs have to be considered in Ontario, namely, the constitutional environment that has resulted since the failure of the federal-provincial constitutional talks to enshrine aboriginal self-government as a principle in the Constitution of Canada.

2. The public environment that is required in order to negotiate satisfactorily either an aboriginal or self-government agreement. The committee will be familiar with the difficulties confronting fishing negotiations in the northwest, which were fundamentally a problem about the public environment to which we all must address ourselves.

3. Another environmental question is the difficulties that presently confront federal-provincial financial relations, where we see the federal government retreating from obligations, often contractual in nature, as in the policing agreement, and the necessity for the province to

take up those obligations or for funds to be provided from some other source.

Having dealt with those general background issues which affect everything we do in native affairs in Ontario, I then go on to deal with the Indian Commission of Ontario, mercury pollution, the progress that has been made on land claims, the self-government negotiations that are under way in a number of sectors, the economic development plan that we are developing and the resource development plan, with particular reference to projects at Magpie, Cedar Channels, Dona Lake and St. Joseph.

I would like to introduce the deputy, Mark Krasnick, who has joined the directorate since last we met, and to thank him and his extraordinarily devoted staff, all 33 of them, for what I believe have been a couple of years of really significant progress in these areas.

Mr. Pouliot: I would like to join with the minister, and no doubt with Mr. Runciman, in congratulating the minister's staff in terms of attempting to focus on what is really a litany of shortcomings, a situation which almost unanimously deserves commenting. When I say shortcomings, I am sure people will agree with me.

What we have is lack of confidence not only in the efforts of your counterparts at the federal level, but also in the feeble attempts of the provincial government. I, for one, can attest that although some ministerial responsibilities are addressing the issues of our native population, there is still a very wide, large discrepancy by any standards in terms of having our native population join the economic mainstream of Ontario.

1600

I am certainly not very satisfied with the direction, with the result or the timetable that has been established to give the less fortunate people, our First Canadians, and therefore our First Ontarians, a chance to be, in quotes, a little more like the others. It seems like the old saying that the rich are getting richer—in this case, the rest of the province—and the poor are getting poorer. You do not even have a middle class, so to speak, with the native population. If we are to call ourselves civilized, certainly we have to make an

exception of what we have done, sometimes deliberately, sometimes systematically, with our native population.

I represent some areas where the rate of unemployment is a horrendous 85 per cent. Can you imagine a whole village, a whole community, in this case, a whole reserve, where for every 10 people that should be working, you have 8.5 who do not have access to work? I could talk about health matters a great deal and watch with sadness the ping-pong game that goes on with federal commitment, federal responsibility; yet in every jurisdiction, except when it comes to armed forces and natives, it is under provincial jurisdiction.

It is not good enough to watch people without essential services, without the most basic of services. It is certainly not good enough to say it is a federal responsibility and in the same breath have the Treasurer (Mr. R. F. Nixon) or yourself telling us about the strong economic performance of what is perhaps one of the richest jurisdictions in the world: A population of 9.4 million people and things are going so well, and yet that is a real Jekyll and Hyde situation when you leave the Taj Mahals that are very much in evidence in your riding and elsewhere in southern Ontario.

Surely someone can look with a great degree of despair at our native population. There is absolutely no reason to be proud, and 32 pages of text, of good intentions will certainly not begin to address or will not suffice in addressing the disparity.

Of course, you are to be commended for your beliefs. I know you had them a couple of years ago. I do not believe that your busy agenda has changed your commitment, but certainly a very small part of the provincial budget goes to addressing what really should be right on top of the agenda. If we believe in being our brother's keeper, if we believe in doing something for the less fortunate, this is where it should be addressed.

It is a real black eye for the Ontario community. It is something to be nothing short of ashamed of, the way we have been treating our First Canadians. We are getting everything we deserve in terms of increased militancy, people demanding more forcefully than ever before, people asking themselves, "As First Canadians, are we to be subjected indefinitely to exile on our own land?"

This kind of colonization is to be found with the native people of Amazonia in Brazil. Some of it has been systematic, some of it has been deliberate, and I am sorry but I do not see any

great deal being done. It always serves to say that tomorrow for those people will be brighter than today, but I invite the minister certainly to keep pressuring the federal government to come up with the kinds of policies that will give people a better chance.

Having said this, the fulfilment, the commitment that you have made to endorse self-government would certainly be a step in the right direction at the earliest opportunity. Of course, we understand that Meech Lake is on a lifesaving device. It is ironic that it should be this very day, but it will be one of the highlights to be discussed on the agenda today in Ottawa by the first ministers.

I am disappointed in almost every field of endeavour. We are still waiting, for instance, for recognition of reserve status for Webequie, Lansdowne House and other parts of northern Ontario. There is nothing in Summer Beaver, for instance, or Howland. We were promised that in 1987 and we believed that it was going to happen. Yet we see the kind of ping-pong game that goes on between the Ministry of Natural Resources and the Office responsible for Native Affairs for a fistful more of dollars, a place that the people could call their own. It is a tragedy.

You also have the fastest-growing population in Canada by far, and it certainly causes some reflection for the future. I am not satisfied with even the doubling of your meagre and humble budget that will give people the tools so that they can fend for themselves and cope with society. In almost every reserve that I go to, I am confronted with a litany of broken promises. I see that positive things happen, but not quickly enough and not really enough.

I invite every member of the committee to take a sleeping bag and take Bearskin Air, Kelner Air or Air Ontario, go to the north and spend a day on each reserve. It will take you a full three or four days to recover emotionally from what you will see. You begin to do a little bit of soul-searching and say: "What is being done here is really wrong. How can we do this to people?" Then you have to come back here and again you are confronted with the difference, their lipservice, some degree of discrimination and little time on the agenda to address the needs of the people who need it the most.

If you go to some European countries, you would have to go a long way to find the kind of living conditions that we allow here. It would be a crime of the highest order. People would rebel. They would say that they just cannot tolerate this. Yet in the Ontario of 1989, you have shortages in

the educational and health field and community resources are almost nonexistent.

I represent some communities that have not seen a doctor for well over a year, communities of 500 people. In fact, one community, Kingfisher Lake, which was often cited as a model of an orderly community, lost one per cent of its population due to suicide in a short period of six months. In each and every case it was related to gas sniffing or alcohol.

These things are unknown. In the jails, in some cases more than 50 per cent of your inmate population is made up of natives. You know better than anyone, sir, the kind of justice system that has failed in the past, and appreciate that there is a course to re-examine, to redress and perhaps introduce a parallel system. But there again it goes too slowly, as in the problem of pollution at Big Trout Lake, and it goes on and on.

One of the communities that I represent is Fort Severn, the northernmost community in Ontario. There is no air subsidy. It costs more than a thousand dollars return to leave Toronto and go to Fort Severn, and surely the people do not have that kind of money. I need not remind the minister that in terms of lifespans, if you are a native Canadian, you will live 10 years less than other Ontarians. What does that tell us?

It tells us that housing is inadequate and health care is inadequate and lacking in many ways. We are trying to push a bill through the Legislature to have very simple matters done, such as giving midwives a licence to practise—that is logical and reasonable under any circumstances—people who speak the same language, who can see a pregnancy through to the time of delivery. There is no such thing.

You ship people out by aircraft during a snowstorm to Sioux Lookout. If that kind of tragedy were to happen to white people, it would not be tolerated. Surely somebody would get up and say that somebody has blood on his hands. But we acquiesce. It is a daily occurrence when it comes to our native population.

We are also lacking in drug and alcohol centres. Every time we talk about the human dimension and about services that would make the situation better, our First Canadians, our First Ontarians, are the last people to be the recipients of such services.

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I think that it is a really shameful situation and that one should be addressed, and not have talented, highly paid people in the comfort of their residence or government offices in southern

Ontario come up with document after document. In the real world of today there is very little being done to remedy a situation that needs nothing short of a massive commitment.

That is all I have to say for my opening remarks. I will certainly find some way of complimenting the minister as I have a chance to dissect and decipher 32 pages of his opening remarks.

Mr. Chairman: Would you like to hold your reply, Minister, until Mr. Runciman has had an opportunity? Mr. Runciman, you wanted to—

Mr. Runciman: No, Mr. Chairman. Regrettably, our critic for this area could not be here today, but I personally have no comments to make.

Hon. Mr. Scott: I made a mistake in not reading my speech and I will not make it again, followed as it was by an introduction that took 17 minutes. However, let me simply say that while the critic has given a very graphic illustration of the problems that confront us, sooner or later he is going to have to begin to turn to the solutions, unattractive as that may be.

The reality is that the solutions are not within our power in many instances. He gives the example—and it is a convenient one to use—of the 13 bands who were promised band status by the Minister of Indian Affairs and Northern Development for the federal government, David Crombie, in 1984, I think. Band status is not within the gift of our government, and it was promised by the federal government. It involves two things: land, which we must provide; and infrastructure, which, under the Constitution of Canada, the federal government is obliged to provide.

The federal government changed its mind and refused to provide the infrastructure. The government of Ontario, on the other hand, indicated to the native people that it would do its part and provide the land. It has already begun, in the Indian Commission of Ontario, to identify the land. But the land alone will do the native people no good whatever, when they get their reserves in support of their bands. They need the infrastructure, which we cannot provide. It is a federal responsibility, and it is not passing the buck to say that.

Under the Constitution, the native people deliberately and consciously look and, in many instances, want to look to the federal government. The second point to observe—and this does not appear in the catalogue of disaster, but it will be something that you have to grapple with, if you want to deal with reality—is, for example, the

policing agreements. We have written agreements, tripartite agreements, arranged through the Indian Commission of Ontario, in which the four First Nations, the federal government and the Ontario government agree to a financing and an arrangement whereby there will be a kind of modified self-government in respect of policing on reserves.

The financing obligations under those agreements are 52 per cent versus 48 per cent in favour of the federal government. The federal government has indicated essentially that it is no longer going to pay those amounts sufficient to increase the complement of constables. As a result, over the next few years, if nothing happens, the number of constables allocated to this program will decline.

At one stage, the Ontario government offered to pay more than its share, and some, though not all, native people rejected that proposition, on the ground that the federal government had to fulfil its constitutional obligation. So, regrettably, the issues are not as simple as the honourable member would like to believe. I understand that they present very real hardship, but I think what has to be done over the next few years, and I have already proposed this, is we have to begin to look at a new way of financing obligations for native interests.

The arbitrary division between on-reserve financing, which is federal in large measure, and off-reserve, which is provincial, is unsatisfactory. If the federal government decides not to put in a school on a reserve, there will then be no school. If it decides not to put in some other service, there will be no such service, unless we take it over. The upshot is, of course, that as soon as we begin taking over its responsibilities, we will have them all, and there will be no federal financial responsibility for native people at all. The native people are very alarmed at that prospect. We join with them, by and large, in urging our federal colleagues either to live up to their responsibilities, or at least to sit down and to negotiate a more rational foundation for those responsibilities than we have.

Mr. Pouliot: I have some difficulty, Minister, with your answer regarding a policing agreement—the situation that you illustrated where 52 per cent of the cost, or the tab, is picked up by the federal government, and traditionally your share has been 48 per cent. There again, I try to compare with other jurisdictions and other parts of Ontario.

What I am talking about here is simply police protection. What you are telling me is that the

federal share is under siege, and should it decrease, we will have fewer constables. I throw it back in your court, with respect Minister, that, more importantly, you should be telling the committee that you will, with some reluctance, that I can understand, pick up the tab, so that people can at least be getting protection. You would never question that if it were elsewhere in Ontario. Now, you are saying it is a federal matter. People will be without protection, because the richest province in Canada does not want to increase its share to give people protection. That is the way I see it, Minister.

Maybe I bring forth a human dimension, that is, perhaps, a little difficult to include in your mandate. This is the essence, the focus, the crux of the matter. We find it difficult to accept that, because the feds are saying, “We are no longer going to pick up 52 per cent,” the people on the reserves will be left without police protection—none whatsoever, in some cases. This is truly appalling, while we are playing ping-pong and talking about money, money, money; a buck, a buck, a buck. Here, we are not talking about a great deal of money. What we need is a commitment and we need the funding.

Take your shots at the feds; that is allowed. But, more importantly, there is the human dimension, that people deserve to have protection. They are not getting it, because of your share of the economic slice; that is unacceptable. I am sorry, Minister, I cannot agree with that kind of philosophy.

Hon. Mr. Scott: It is not a question of philosophy. It is the fact that the honourable member is talking about and confusing, if I may respectfully say so, two different things. The obligation to provide policing is clearly provincial, and we provide that. The Solicitor General (Mrs. Smith) can respond about the way it is provided, not only in native communities, but in many other rural communities across the province. We can always do better.

Over the last two years, particularly since the unfortunate events at the Osnaburgh Indian Reserve, some progress has been made, working with native people, to respond more effectively on the part of the Solicitor General's department than we have done, in developing a sensitive, appropriate policing function, that will provide the kind of security that the honourable member is talking about. I do not shrink from that obligation, and neither does the Solicitor General, but that is problem one.

The second problem, to which the honourable member first reverted before he changed horses,

is the native constable program, which is a policing function conducted as an exercise of self-government, in which the native organization plays a part in selecting, directing and, to a limited extent, controlling a police force within its community. That is a shared federal-provincial program, and that is the program from which the federal government has retreated. I regret the retreat, not because it will mean that we will abandon policing; we certainly will not. That is a primary obligation of the province. I regret the withdrawal, as do the native people, because it prevents the extension of an exercise in self-government that is a useful and important one and, in the long run, in the interests of the community.

I hope we will have some very limited good news on that score in the next couple of days, but there are two separate problems here, and it does not do justice to confuse them as if they were one.

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Mr. Runciman: I was a little curious about this point in respect to some of the press reports we have seen dealing with the cabinet committee on race relations and with policing and some of the concerns that have been expressed in northern Ontario with respect to native policing.

I was trying to recall that one of the suggestions that may come out of that task force—I know it may be difficult for the Attorney General to comment on this since it is just speculation at this point—was some sort of a parallel force that they have been talking about in some of the press reports—a native force. I guess it would be a force parallel to the Ontario Provincial Police. Is that the sort of thing that is being looked at? If, indeed, that is the case, how realistic is that? How do-able is it?

Hon. Mr. Scott: There are really two issues here that I think are being addressed in the kind of press report we have seen in the last couple of weeks. The first has to do with policing and the second has to do with the justice system, the court system.

On the policing side, the province has for a number of years, apart altogether from its general obligation to provide policing anywhere in Ontario, developed what is called the native constable program. That is the result of a three-party agreement between the four first nations which are the major status Indian bands in the province, the federal government and the Ontario government, in which the first nations begin to play a role in the administration of OPP native constables on reserve.

In other words, the contract is a scheme in which native constables will be selected and placed on certain reserves and will come within limited degrees that are gradually expanding, under the direction of the community they serve, much as, in a more fully formed environment, a municipal police force is under the direction of the community it serves. That is a joint federal-provincial program and that is where the funding retreat has occurred. I think that there is room to expand that model if we can get the federal government to co-operate. That is a positive—

Mr. Runciman: Can I interject here? That only deals with reserves, though?

Hon. Mr. Scott: It only deals with reserves but it is an excellent initiative for two reasons. First of all, one hopes it provides a more locally sensitive kind of policing. Secondly, it is a kind of exercise in self-government in which the community controls, to a certain extent, the native constables on reserve. That is a good thing. We hope over the next few years, if we get the co-operation of the federal government, that we will be able to expand that program.

The other issue that has been referred to in the press reports is what is called a reference to an alternative justice system. What this contemplates is that, I think at its highest, native people in native communities would be charged and tried in customary courts on the basis of customary law. That is a much more contentious sort of issue because at the extremes, it contemplates that two kinds of Ontario citizens might be tried in different ways in respect of similar acts.

I should say, to the credit of the exercise, that it can be undertaken without those risks. It has been considered, for example, and undertaken in the United States, in New Mexico and perhaps other places where customary law is the law of the reserve.

That is a very contentious issue. It raises questions about whether charter defences and protections will be available in customary courts and a variety of the other things. But we have not put that off the agenda. Indeed, we have asked two native organizations—this is the Attorney General speaking, not the minister responsible for native affairs, I guess—to make proposals to us that are designed to look at methods by which, on the fringes, these issues of alternative justice can be considered.

Mr. Runciman: The speculation that is coming forward from the media, with respect to the policing side of things is that is not something

new. They are simply suggesting an enhancement of the current program.

Hon. Mr. Scott: Yes.

Mr. Runciman: All right.

Hon. Mr. Scott: One of the difficulties, frankly, in dealing with either of these issues is what I call the public environment. In so far as the native communities are remote, there is little other Ontario public around, but in so far as the native community comes into contact with the rest of the Ontario community, there are difficulties because other members of the public do not understand what is happening.

For example, the Ministry of Natural Resources has rules and regulations under which certain people are prosecuted for doing certain things. It also has leniency guidelines which are applied in favour of native people who assert their hunting and trapping rights. I support those leniency guidelines. I think they are an appropriate response to a very difficult constitutional problem, but it goes without saying that in some communities Ontarians have difficulty understanding why there should be what appears to be different treatment.

That is not a criticism. It is simply to say that the movement towards resolution of these problems is very difficult because we must carry the people of Ontario with us as we proceed to try and resolve these problems.

Mr. Pouliot: I want to get the minister's comments, if possible, on page 10 of his leadoff, on really what is an appalling statement demanding clarification. In the second paragraph: "It is within this environment of high native expectations and constrained federal spending that the province must consider the financial resources available to meet its responsibilities. When we do so, we find that Ontario's expenditure must be tailored to the narrower revenue base created by today's economic climate."

Can you point to any other time where the revenues were lesser and narrower than today? I was under the impression, from what your distinguished colleague the learned Treasurer has been telling us, that the times are indeed good times, but I see a contradiction here.

Hon. Mr. Scott: No. It is entirely true that the public expenditures of the government of Ontario are growing at more than twice the national average. I am not talking about our tax revenues. I am talking about our budgets. Our budgets to provide services to people are growing more than twice as fast as any other province in the country or the federal government itself. We are expand-

ing the growth of services we provide in schools, hospitals and a wide range of other facilities.

The point made here, I think, is that as the federal government retreats from its responsibilities, we will have a moral obligation to take up the institutional support that is left unattended because of that retreat, and our capacity to do so is going to be limited.

If, for example, the federal government decided to abandon every school on the reserves, I think there should be no question that Ontario's people would feel a profound moral obligation to educate those children, and we would, I hope, do so. But that imposes on us a financial obligation that we now do not have and that will be very considerable.

I believe that one of the things we must do is remind the federal government of its responsibilities and remind it that if it retreats from those responsibilities, we, with resources fully committed, will have to take them up.

Mr. Pouliot: Would I be right in assuming that the province has more money at the present time than it ever had before to provide services?

Hon. Mr. Scott: Well, let me tell you this. We are spending more money than we have ever spent before and we are spending twice as much more in the last three years as any government in the country. There will be those who say that our expenditure increases in the province in support of provincial programs is extraordinarily high. In terms of public programs, we have been growing for three years at a rate of nine per cent, 10 per cent and 11 per cent per annum. We hope we will be able to continue that, but we have to remember that the money does not grow on trees and is not manufactured in somebody's basement. It is paid out by taxpayers.

Last year, I noted, we got no help from you at all when we tried to increase the sales tax to do some of these things. The New Democratic Party created the impression it had nothing to do with it. We understand that. We did not expect you to come to our aid when we tried to raise the money to do some of these good things.

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Mr. Mahoney: We had hopes.

Hon. Mr. Scott: Only the newcomers believed that it was possible.

Mr. Mahoney: We learned quickly.

Hon. Mr. Scott: We did not expect that, but one must emphasize this fundamental reality: This money belongs to Ontario citizens and has to be dealt with in a fiscally responsible way. I hope we will not have to apply it simply to

discharge obligations the federal government has abandoned. That is the only point I am making.

Mr. Pouliot: When you say you did not get help from the people—

Hon. Mr. Scott: You all ran out of the House when we voted on it.

Mr. Pouliot: We were reading petitions. The minister is an educated man. He should know the standing orders. If the reading of a petition concerning Sunday working conflicts with the presentation of an increase in sales tax, picking the pockets of people—I can go on and on with that.

More important, I want to remind the minister of why I voted against the sales tax. It was a very simple exercise. I went to the people of Lake Nipigon, who are paying my wages, and asked them, "Are you in favour of the sales tax being increased from seven to eight per cent?" The consensus I got from the people of Lake Nipigon was, "No, Gilles, we don't like it."

The minister knows very well that in political science 101, at the risk of sounding simplistic, when you pick the pockets of people, when you take money out of their pockets—for instance, the car insurance scheme—people punish you. When you put money into people's pockets, they usually reward you.

I am very disturbed with the style, the method, the approach and the tone given in the last paragraph, again, of page 10 of the minister's leadoff: "To be frank, there is little room for the expansion of programs." But you have said that should calamity or catastrophe strike, you would indeed do what you should do as a minister, which is provide essential services to Ontarians.

We do very well in education, we do very well in health; not as well, of course, as the opposition would like to see the government do. However, when it comes to our first Canadians, your responsibility is to people. When I see this kind of approach and this kind of tone, it scares me, because it tells me about the lack of intent, the lack of forward commitment.

If you go back again to paragraph 2, where you say, "high native expectations," I do not want to take this out of context but, my, my, they have been getting really very little compared to other people. When you say "high expectations," let's arrive at a consensus and call it what it is. They want to go to school. They want to see a doctor. Those are not high expectations nowadays. Those are normal reactions, normal expectations.

Hon. Mr. Scott: That is not what we are talking about here.

Mr. Pouliot: That is what the paper says. It is written.

Hon. Mr. Scott: I guess we are learning that I should have read the paper. If the honourable member will read the paper, he will find that the high expectations are not related simply to services, which I believe native Ontarians on reserve are entitled to have, like any other citizens of Ontario. They are related to a variety of concerns. Self-government is a major one, and self-government will not be achieved except at very, very high public cost.

I am not afraid of that, I am not ashamed of it, but there are very high expectations in connection with that. There are very high expectations in respect of the settlement of land claims that we are going to have to address. All I am simply saying is that the budget is not for ever expandable. Frankly, if the honourable member votes on taxation measures by taking a poll of his constituency—

Mr. Pouliot: That is my job.

Hon. Mr. Scott: No, it is not.

Mr. Pouliot: Oh?

Hon. Mr. Scott: My constituents would oppose any income tax whatever, if they had a choice. The reality of leadership is that—

Mr. Hampton: Your constituents find your tax system unfair?

Hon. Mr. Scott: Not at all.

Mr. Pouliot: It is not a progressive system anyway.

Hon. Mr. Scott: It is the middle class and the lower middle class that would be happiest without an income tax. The reality of leadership is that you have to make difficult choices, and the difficult choices, in order to preserve greater resources for the state, involve the production of greater sums of money from the public.

Mr. Pouliot: I find it quite difficult to be restrained when I find the fiscal policies of our party, which are indeed the cornerstone of our philosophy, are being maligned. I will not sit idly by and let the minister lecture me on fundamentals. If he wants to talk about the tax system, we will get another forum. I am talking much more importantly here about issues involving native people.

If he wants to question the fundamentals of his distinguished colleague, we certainly do not tread the same circle. But, again, I will not sit here and let someone like the minister tell me about the injustice of the tax system. Maybe his friends, the likes of Conrad Black, who have

never paid their fair share—do I have immunity here, Mr. Chairman? If I have immunity, I will keep going.

Mr. Chairman: I certainly hope you do.

Mr. Pouliot: I want to ask the minister a few pertinent questions, maybe a brief—

Hon. Mr. Scott: Would you need immunity?

Mr. Pouliot: You are having your own problems on that.

Hon. Mr. Scott: I have a certificate from a jury as to my competence.

Mr. Pouliot: That is what my colleagues tell me. That is right.

Hon. Mr. Scott: Even Hampton hasn't got one of those.

Mr. Hampton: I've never needed one before.

Hon. Mr. Scott: You haven't got one either.

Mr. Pouliot: Can the minister favour us with a report on self-government and how things are going with Nishnawbe-Aski Treaty 9 and other first nations members?

Hon. Mr. Scott: Let me just get you the page where we have dealt with self-government. It begins at page 17, number 4. We have, since the 1985 declaration of political intent, affirmed that we are prepared to negotiate self-government; namely, the extent to which powers and jurisdiction should be assumed by native people to govern themselves with aboriginal leadership.

We are looking particularly—I think it is in the Indian Commission of Ontario section—at education as a focus area in which we can begin that potential transfer. We have developed a policy to guide our negotiators with the native leadership on that issue and have in fact begun the transfer. I think that is a positive thing. It is slow and difficult work, because we are at the cutting edge. This is something new that has never been done, but we are making some progress.

With respect to the Nishnawbe-Aski nation, I think we have two matters that are moving along. We have a comprehensive proposal with respect to their role in relation to land use planning and environmental protection in parts of the province and we have developed terms of reference for the negotiation of the transfer of social services and social service programs to the nation. I think we are making some progress there. As I say, it is a difficult and complex exercise, but we have begun and made reasonable headway.

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Mr. Pouliot: I can understand the minister's dilemma in the impasse. Again, it is not easy, first, to establish faith, a climate whereby trust

will become the order of the day. That takes some doing, and therefore someone to do that. I know that in your document you are still patting yourself on the back for the settling of the Grassy Narrows situation.

Hon. Mr. Scott: I was very proud of that.

Mr. Pouliot: It was of some consequence. Also, we are certainly looking forward to an economic development mechanism whereby the province will participate. I welcome that. Of course, land claims—I am sure the minister will acquiesce—have really been a thorn in the natives' side. It seems to take for ever; it takes a long, long time. How long did it take—15 years for the Grassy Narrows claim to be determined and to be awarded?

Hon. Mr. Scott: At least, yes.

Mr. Pouliot: At least. Imagine, 15 years, when what you had there was, by any standard, a dreadful situation. I cannot help but believe that if it had been another group in society, the matter would have been expedited more quickly than was the case with Grassy Narrows.

Hon. Mr. Scott: I have dealt with economic development elsewhere in the paper; but I think over the last four years we have made really historic progress in this province on land claims—not enough, undoubtedly, but bear in mind that until 1985, no government in the history of Ontario had ever made a proposal to a native band or native community with respect to a land claim settlement. We now have a number of negotiations under way.

We have responded—I believe I am right—to 11 land claim proposals. Responding to them is not a simple matter of saying, "Yes, we are willing to talk," because in every case they require an analysis—if one is going to be candid and honest—about whether the land claim has any potential validity, historically. They are all historically based.

We have obtained Dr. McNab, who is present in the room, and the staff, small as it was, from the Ministry of Natural Resources, whom we brought over into the directorate. They are analysing these claims and now, in three years—it is actually less than that; it is only one year since we have had full responsibility—we have responded to 11, which are at various stages in so far as negotiations are taking place. Other than that, I think there are nine that will be—

Mr. Pouliot: That is a matter of at least 15 years.

Hon. Mr. Scott: No, we have responded to 13 and we are going to be negotiating 11. Also—and

this is more celebrated in the press—we have been the first government to make a proposal to the Temagami band. While the proposal was not one that they were prepared to negotiate pending their appeal, we hope that in due course they will be prepared to sit down and talk to us about their land claim. A number of those land claim negotiations have led to offers. I am thinking of Manitoulin Island, Lac La Croix, Assabaska and Parry Island. On the subject of land claims, after 35 years when nothing whatever was done, I think we have made some significant progress. We want to do more, but we have started well on this exercise.

Mr. Pouliot: I guess some people remember things on a different scale. If you have a previous administration which was, to say the least, slow in addressing the perennial problems of land claims, the least bit of effort would likely take on exaggerated proportions. If you say, "What we should have done"—and you have just said that you wish you could do more—then the answer is a plain "No."

Hon. Mr. Scott: These are not easy. You can take the Temagami example as a reasonably current and well-known one, on which there is a dispute in the courts, as you know, about whether the Temagami band is bound by a treaty or whether its aboriginal land claim is unencumbered by treaty. That is not an issue that we raised; essentially, it is an issue that they raised and that they want to have litigated. There is nothing wrong with that. That is what our justice system is for; so that they can make those claims, and so they should.

The difficult thing that confronted us was that in 1985, although they made a land claim for 4,000 square miles, which is a gigantic area of northern Ontario which they assert is aboriginal territory, no offer of settlement had ever been made by the Ontario government. We went to trial because of the caution that they had registered and the government of Ontario was successful at the trial in the sense that the court held that there was no aboriginal land claim because it had been extinguished by a treaty.

Notwithstanding that success and the appeal by the Temagami band, we made an offer which amounted to some \$30 million, half of which would be taken in land, which I think produces, depending on how you value the land, about 150 square miles for aboriginal land. The native people were not prepared to discuss that.

But, again, you have to emphasize that in talking about the land proposed for aboriginal entitlement and settling it, we are not in every

respect talking about completely uninhabited parts of the world. We are talking about areas in which other Ontarians believe they have some kind of interest. That is why one has to have a public environment that makes it acceptable to discuss these kinds of notions.

There are many people, and I include myself, who favour the negotiation of aboriginal land claims, and I hope we will do it, particularly in the case of Temagami. But there are many people who have no real sense of the dimension of the issue that is being presented for resolution and we must go very carefully to be sure that the general public of Ontario continues to support this important effort.

Mr. Pouliot: Although it is not a matter in the riding that I have the honour of representing, the minister will well appreciate our sincere interest in the claim of Temagami. What is your gut feeling regarding the resuming of negotiations?

Hon. Mr. Scott: I just heard before I came in that the Court of Appeal had dismissed the Temagami band's claim, so it appears that the Indians' appeal has not been successful. We have not seen the reasons so we cannot yet assess on what basis it has been rejected, but that should, in one sense, be subject to a further appeal—the legal termination of the assertion that they have aboriginal title.

It seems likely that what the court has said, and again I emphasize I have not seen the reasons yet, is that they have no aboriginal title; what they have is a treaty. We may owe them something in terms of treaty entitlement, but that is a very different question from the question of aboriginal entitlement.

I would hope, whether they appeal or not, that we will be able to advance our offer of settlement again. I do not take the position that because we won a second time this settlement should be off the table. I hope that before long we will be able to say something about that.

Mr. Pouliot: The minister is a prominent lawyer and mostly very well regarded and respected in that community, although there are good days and bad days. I am trying to understand, not the conflict but the kind of impasse that the minister must find himself in; that yes, he is both the minister responsible for native affairs at the provincial level, and the committee is aware that he also defends the interests of the provincial government.

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I am just wondering how many times or how many ways you can service the client. It must be

quite a difficult balancing act. Is it not somewhat abnormal—let's say, for lack of better terminology, bizarre—to have someone one day saying, "What is it today? Going-to-court day is tomorrow. Today I am the minister responsible for native affairs, to enhance the quality of life among our first Canadians," and the next day saying, "I must defend the interests of the province," which we encounter, as in the case of Temagami?

Is it your feeling that land claims are better settled by the negotiation process than by courts of law?

Hon. Mr. Scott: There are a number of questions there. I do not think there is any doubt that aboriginal land claims or even breach-of-treaty claims are better settled by negotiation. There can be no question about that, and that is the posture we have taken consistently since 1985. That is why, even though we were winning the case, we made a proposal, and perhaps will again—our old proposal is there—to settle the Temagami land claim. There has never been a lawyer who is any good who has not believed in settlement, and I believe in settlement by negotiation.

On the other hand, I reject the notion that there is any conflict of interest because I happen to be Attorney General at the same time. My job is to do whatever I can to bring native issues to a satisfactory resolution. That is my job as minister responsible for native affairs. I do not see any inconsistency there, so far, with my job as Attorney General. If I were Minister of Natural Resources, the owner of the land in a notional sense, it might be somewhat different, but I am not.

Besides, it need hardly be said that the negotiating posture that has developed and the proposals that are made are not mine to design alone; they are very much the function of the cabinet process and the interest of the Premier.

Mr. Pouliot: I hope the minister appreciates my really sincere interest in his welfare and in his many talents as one of the best jugglers. I wanted an insight into terms of reference and mandate, and you have proven the many qualities you have. I am still waiting for an answer. Maybe my distinguished colleague—

Hon. Mr. Scott: I always think that something nice is coming along and then you end up saying "best juggler."

Mr. Hampton: You got half the loaf.

Hon. Mr. Scott: Sure. In my business, I am obliged to take what I can and I am very grateful

to the member for his—what shall I say?—support.

Mr. Pouliot: Support, yes. I was once chastised by yourself, if my memory serves me correctly, about one term I used, which was "a conjurer of evolution," but I am sure my colleague would have some more questions regarding the "now you see it, now you don't" approach to the Temagami land claim.

Mr. Chairman: Which colleague? Oh, Mr. Hampton. I thought you were talking about Mr. Runciman.

Mr. Pouliot: No, those are tales of Houdini. Sometimes you see him, sometimes you don't.

Mr. Hampton: I want to move away just for a minute to some other issues, more nuts-and-bolts things, if we can come back to the land claims and so on a little later.

Mr. Chairman: If I could, just before you start, Mr. Hampton, I have not opened it up to other members of the committee until the critic has completed his questions.

Mr. Hampton: I do not think he has completed them. I think he just wants a rest for a while.

Mr. Chairman: Is that right, Mr. Pouliot?

Mr. Pouliot: No, not at all. I feel dangerously well for my enemies, but I yield to the anxiety of my colleague, who has a very pertinent question, but of course, with respect to other learned members of the committee, there are questions they are dying to ask.

Mr. Chairman: I think, as a matter of fairness, perhaps before Mr. Hampton proceeds, Mr. Kozyra, you had your hand up.

Mr. Kozyra: I had several questions. The minister will have to excuse perhaps certain areas where I would be not as well informed as I should be. I only read two thirds of your notes and maybe the answer is in there somewhere.

The first thing is that I am wondering whether the province, alone or with the federal government and the natives involved here, has been or is working on what I would call a comprehensive or native affairs master plan, to deal with progressing from here to the future, with the objective of positive resolution of all these things and all living happily ever after, as opposed to what in effect seem to be policies in situations that react—this is not a criticism of any government, either provincial or federal—to immediate problems and situations.

The whole problem being as complex as you have indicated, I think we realize that to some extent that type of blueprint for the future would

be something that might be beneficial, as difficult as it may be to achieve.

Hon. Mr. Scott: It is an important question. Let me begin by saying that the reason I was not anxious to read our papers and get into the discussion is that I regard this as an important opportunity for me to win a public forum with some members present to discuss what are regarded as very exotic issues by a lot of members who do not have native people in their constituencies or for whom this is not a high-profile issue.

It is very important that we should have this kind of discussion because, as I have said, the public environment is going to be the environment that brings us to a reasonable resolution of these problems or makes a resolution of them impossible. We have to get out to the public to discuss these questions.

In 1985, we developed a number of general policy directions.

The first was that we were committed, as the native people were anxious we should be, to constitutional change. The legislative committee on the constitutional amendment on Meech Lake has taken that process a step further than the first ministers' talks did. It is regarded by native communities as a very progressive document. I know our Premier (Mr. Peterson) will be following it up as we move to the next stage.

It is very important to native people and to the rest of us that this debate should be advanced, because the failure of the constitutional talks was without any question a frustration and an inhibiting factor for native leadership in Ontario. I think that is a policy directive that we have seized and that is very important. It may look like a lot of constitutional mumbo-jumbo, but from the point of view of governments, Ontarians and native people it is a constitutional issue that must be addressed; the sooner the better, as long as it is addressed effectively.

The second thing we did was we committed ourselves to respond to, and where appropriate, to negotiate land claims. That was an absolute first that had never been done and was an important policy directive.

The third thing we did was we committed ourselves, as a government, to discuss self-government for native people with any communities of native people who wanted to present themselves to us as prepared to undertake those negotiations. Now, you may say that those are three general principles and are very general. So they are, but they are a first for the province of Ontario.

One of the difficulties here is that when you are outside this arena looking in, like anything else, it tends to look monolithic. In fact, it is not. There is a wide variety of native communities and native interests all different in one way or another. You have status Indians. You have non-status Indians. You have status Indians on reserve. You have status Indians off reserve. You have Metis people. You have half the native people of the province living in southern Ontario and half living in what can generally be called northern Ontario.

Having said that, it is extremely difficult to develop a master plan that will develop principles that will be equally applicable to the Temagami Indians, to the Manitoulin band, to the Nishnawbe-Aski nation and to the bands in the Ottawa Valley. Really, what we have said is: "There will not be master plans of that type. We have committed ourselves to three principles and we will sit down and talk with you, responding to your own demands and your own needs."

1700

I think that is the right thing to do. I think history has shown us that it is neither wise nor useful to develop rules into which the native interest must be forced or rules that are designed to confine their objectives. We must simply take their proposals, not overlooking our own interests as a government and the interests of other people who live in the province, and respond to those proposals as best we can.

It is perfectly obvious, I think, at the most simple level, that we will respond differently to the interests of northern people, who have a land base, and the interests of native people in Metropolitan Toronto, who do not. But we are prepared to respond to them all on a case-by-case basis. That is really our policy and I think it is a sound one.

Mr. Kozyra: Is that in any way consistent with the federal policy? Does the federal government even have inklings of something along those lines?

Hon. Mr. Scott: It is generally consistent. I think it is fair to say that. I believe the federal government has begun to recognize it has responsibilities vis-à-vis Metis people, for example. We hope to encourage them to take on that responsibility.

Mr. Kozyra: In your response, you mentioned self-government and land claims. I understand that part of the response, perhaps from the native community itself, to any kind of pressure to speed up the process and reach

settlement is to say: "What is the hurry? It has taken us 200 years to continue in this massive problem, and now all of a sudden you want to settle?" Yet from the government side and many other people looking on it, it seems this logjam relates to just about every issue, especially in the north, issues such as power development, wild rice, logging, parks use, hunting and fishing and tourism. All of these keep coming back to that type of resolution. I just wonder whether we have a specific approach to that, to speed it up.

Hon. Mr. Scott: There is no doubt there will be some Ontarians who think we are moving too slowly, and indeed that the native people are moving too slowly, when they find their own interests are affected by the failure to obtain an appropriate agreement. That is perfectly understandable and perfectly natural.

On the other hand, I think one has to be very sympathetic to the interests of the native communities. Just look, for example, at Temagami. The settlement of their land claim is something that is very important to them, but they recognize and we recognize that it has been a long time coming. I think Chief Potts points out that there were 150 years when they heard nothing from either Toronto or Ottawa. I may have exaggerated the figure, but it is something in that order.

Now, confronted by an offer of settlement, he naturally wants to be very careful and prudent in making his choices. I do not say any offer or any agreement has to be marked by finality, but there certainly will be a kind of determination, a kind of finality, if a settlement is achieved. So I think it is prudent and understandable that native people, as well as governments, move carefully in this area and not be stampeded.

Mr. Kozyra: My final question deals with the community environment. The member for Fort William (Mrs. McLeod) and I come from a community that purportedly has a native population of about 15,000. I was really amazed by the figure because in terms of visibility in the community, 15,000 boggles the mind. Up to now, it has almost been like an invisible minority in many ways. That perhaps is a statement on the lack of being plugged in to what we call the normal white society.

My question has to do more with problems of literacy and illiteracy. The high illiteracy is identified by many of the native leaders I have talked to as perhaps the single most crucial problem, especially when it comes to not so much assimilation, as such, as the coping capability of the people when they come to cities

like Thunder Bay, the bigger communities that they are not used to.

Although for most intents and purposes education is a provincial matter, here again we come into the federal line. I wonder whether the province has new initiatives and directions in the line of education to attack this very major problem of illiteracy.

Hon. Mr. Scott: The first observation I would make, and I make it about my own community, is that I represent a riding that has the second-largest native population in Ontario. In the same sense, it could be said that, to some, the native population might be invisible. In fact, it really is not invisible. It is a community that has suffered a good deal and lives more often than not in circumstances of very considerable unemployment, as the critic has pointed out, and in relative poverty compared to other Ontarians. Some of us carry on our lives oblivious of it, but it is there to be counted, and it is never far away. So if it is invisible, it seems to me that is a judgement about us rather than about it. That is the first thing.

The second thing is that illiteracy is only one of the problems native people suffer from in light of services. One of the jobs of this directorate is not to deliver programs, because we do not deliver programs—I do not run an educational system, a health care system or any of those things—but to press my fellow ministers who provide those services to remember that they must provide them to our native people, especially off reserves where we have a special responsibility, but even on reserves in instances, in the way they should be provided to all our citizens. Native people on or off reserves are citizens of Ontario and they are entitled in my opinion to a level of services that approaches a provincial norm.

The reality is that we have service inequities in the province. Northerners often make the case that they are not as well served as southerners. Easterners say they are not as well served as people in the Golden Horseshoe. Natives make the case in a compelling way that they are not as well served as anybody and, especially in remote communities, that is true.

I would regard it as perhaps unwise to try to pick out a particular service and say we have failed the native people because we are not doing a better job on this or that. There is the obligation to deliver all programs, in so far as we can, in a way that is sensitive to native people. I think we have made some headway on that score in the last couple of years.

1710

What we have to understand is that the provision of a service to a native community in a form that would meet the requirements of a white Anglo-Saxon community in downtown Thunder Bay may not be the way to provide an appropriate level of service on a reserve or in a remote community, and we have to begin to grapple with how it can be effectively done.

Quite often, one of the challenges is that it can be effectively done only if the native people are involved in the delivering of the service in some fashion. Their own self-respect and their own concern about playing a role in the community require that. For example, in the justice system, we spend a lot of time and money trying to develop a native justice of the peace system. It is terribly tough going. We have many good candidates and we have had some successes, but we have to keep at it. That is sort of a general observation.

Mr. Chairman: In fairness, Mr. Campbell, before I go to you, I am going to go back to Mr. Hampton.

Mr. Hampton: I would like to touch on something you just mentioned, the native JP system. It is perhaps not specifically a matter within the native affairs bureau or branch. You mentioned it is terribly, terribly difficult.

Hon. Mr. Scott: Yes.

Mr. Hampton: Why is that?

Hon. Mr. Scott: I have thought about that. When I was elected in 1985, I went up to the northwest, to the fly-in communities and met the chiefs. They said, "Why can't we have a justice of the peace here who will sign warrants and so on, so that cases can be adjourned more easily?" I said: "Here's a community of 200. Why can't they have a justice of the peace?"

At the same time, we were running our justice of the peace program in which justices of the peace are trained to do more sophisticated work, which is trying summary conviction offences. I said, "Why can't there be a justice of the peace in every community who will be a signing JP?" So I came back to Toronto and said: "I'm a minister now. Let it happen."

The practical difficulty is that it requires the selection of people who are prepared to play a role in the administration of justice in the community and who are quite highly trained. You may have noted, for example, that in Manitoba my colleague Roland Penner established a justice of the peace system on reserves. Now an inquiry is going around and the justices of the peace are saying, "We've been signing all

these documents, but we don't know what we have been signing."

That is not anybody's fault. That simply illustrates that if we are to have a trial justice of the peace system or a signing justice of the peace system, it is going to require careful selection of people and a very high degree of training.

We run, I think once or twice a year, a program for sitting justices of the peace to which we invite applicants to come. They enter into a very intensive training program and we get some graduates out of it. We get a lot of people who say, having been part of the program for a while, "Thanks, but no thanks." I say to myself, "Why does that happen?"

I think it happens, first of all, because our system is not a system for which all native people feel a natural affinity. They are much more consensus-oriented, less adversarial, less judgemental than we are. The very qualities we expect of them as sitting JPs are qualities—I do not criticize them for this at all; it is quite good—that they might well regard as sort of antisocial.

We have had some successes, but it is very intensive work. I think it is worth doing, but it will always be difficult. I attended the swearing in of a justice of the peace a year or so after I had been in office. I think in the last six or eight months she resigned. Frankly, it was a lonely, very taxing life for her. It is a very difficult thing.

Mr. Hampton: Could I just pursue this for a minute?

Hon. Mr. Scott: Sure. That is a long answer to a very short question.

Mr. Hampton: I am appreciative of the answer even if I may disagree with some of it.

I am acquainted with people who took the JP course I think nine or 10 months ago. They have heard nothing from the Ministry of the Attorney General since then.

Hon. Mr. Scott: If you could give me some detail, I would be happy to find out about them. One of our graduates I know is ready; there is no reason why he could not be made a JP. He has returned to his community and has decided that he does not want to. I do not complain about that; I simply observe. If you have a particular case, I would be delighted to make inquiries about it and find out what happened.

Mr. Hampton: This may not be the time to deal with particular cases.

It seems to me what you are really dealing with in terms of the native affairs approach is that there are Indian communities that are isolated, as you point out, where you would probably need an

on-site justice of the peace. But there are several other communities that are easily reached by highway where perhaps even one or two native justices of the peace in the area could make the justice system more available to 11 or 12 communities.

Hon. Mr. Scott: We would need two kinds of justices of the peace if we had our druthers. The first would be travelling JPs who conduct court. A classic and the most distinguished example in northwestern Ontario is justice of the peace Charley Fisher who travels from community to community and conducts court. We have some others. I think we now have some in the northeast as well. But that is one job, a travelling JP who conducts trials.

The other need, if we could respond to it, is for what I call signing justices of the peace. They are JPs who would be resident in the remote communities and who would do the signing that is required, search warrants and so on, and who would also conduct court on the day when the plane could not get in because of weather and adjourn cases and so on.

Those are two different requirements because in the first case, the judge has the outside support.

Mr. Hampton: Could I stop you there? I understand the distinction you are trying to make. It seems to me, though—and I am not speaking to you as Attorney General; I am speaking to you in your position as the minister responsible for native affairs—that the distinction that should be made is that you can differentiate between communities on a geographical basis. Maybe someone should impress this upon the Ministry of the Attorney General.

For example, in my constituency, one native justice of the peace could probably deal, either in terms of signing documents or in terms of holding court, with 10 reserves. I think of the constituency to the north of me and one native JP again could probably address the needs of 12 communities that I do not think are being adequately addressed now.

Hon. Mr. Scott: But the essence of the signing JP, by and large, is that he or she should live in the community he or she is going to serve, much like our signing JPs live in the small towns of southern Ontario. The purpose of that is that you want them there precisely against the day when the court cannot get there.

The challenge of that job is that you have a JP living in a community who has to take some quite serious decisions, not every day but from time to time, that may be troublesome in that community

itself. A person living in Osnaburg who signs warrants for search and seizure, who signs arrest documents, is performing an important local judicial function which is not always easily understood by the community. That is the difficulty in finding those people.

1720

The travelling JPs who conduct the court are, I think, used very aggressively in the sense that they travel around. They work full-time and put in long hours. We could use more of them and we are training to get more, but we find that the training process is a difficult one and many native people, on reflection, have decided that they would rather not do it. But we are moving. That program is moving ahead, but it is slow.

Mr. Hampton: I have some problems with the distinctions you are making. It is true that you have a number of isolated Indian bands across northern Ontario. I will leave southern Ontario out of this for the time being. It is true that you have a number of isolated ones.

However, given modern miracles of highways, it is also a fact that you have a number of bands that are very easy to reach in terms of being on or very close to major highways. It would seem to me that we should not allow the difficulties that occur in respect of delivering an adequate justice system or attempting to deliver an adequate justice system to remote native communities to be a roadblock to delivering better programs or better delivery of the justice system to communities that are not remote and isolated. It seems to me that is the distinction that needs to be made.

Hon. Mr. Scott: I agree with that, but it is a question of getting trained personnel to do it.

Mr. Hampton: Let's move on to that. What training does a justice of the peace who is, say, appointed in Barrie receive today? What is the extent and the length of training?

Hon. Mr. Scott: I will have to get you some detail because I do not know the answer, but I can tell you what a justice of the peace has to do. He has to conduct a court like a judge. He has to have a basic familiarity with the summary conviction component of the Criminal Code. He has to be familiar with the Charter of Rights, in case it is raised—it may or may not be—and increasingly, under the charter, he has to perform judgements.

Mr. Hampton: You and I both understand that.

Mr. Pouliot: And be able to spell "remand."

Hon. Mr. Scott: No, the remand justice of the peace is what I call a signing justice of the peace.

There is a much more limited function. We are talking here about JPs who will conduct trials.

Mr. Hampton: Maybe you can deliver this to us tomorrow or at some future time, because I must say I do not buy the explanation that native people do not have adequate training or are not adequately prepared. In my experience, there are a lot of native people in northern Ontario who have experience and training which I am very envious of and I am sure members on this committee would be every envious of, yet—

Hon. Mr. Scott: We give them a two-week course, and I can give you the figures on those who continue with the course and those who do not. The reality, as I last saw it, is that there is a significant falling away in the course. I am not critical of that; I am simply saying that is what we observed. We are anxious to make the people who graduate from the course JPs. If more people can apply for the course, we will be delighted.

The other problem, frankly, about some of the applicants is that the other kinds of jobs a part-time justice of the peace can have are constrained. I believe there is some real question, for example, of whether a part-time justice of the peace can be a member of the band council, for reasons that I think you would regard as obvious. What we are saying to many people is that certain ties have to be cut if they are going to perform this function, as we do in the rest of Ontario. JPs are no longer entitled to work for municipalities and to perform other kinds of jobs of that type where the danger of conflict is real.

Particularly since the charter, what a justice of the peace does has become much more important than it was, for example, when I began to practise law, when a JP was perceived precisely as a kind of remand machine or document signer. Since the charter, that is all over.

Mr. Hampton: I would put it to you that the existing situation in many of the communities is that we have a lot of justices of the peace in the court system who do a good job, are well trained and have a lot of experience. We have other justices of the peace whom I frankly cannot say that about.

Hon. Mr. Scott: Right. I agree.

Mr. Hampton: I cannot understand why we cannot, at least in some communities across northern Ontario, have more native justices of the peace than we have at the present time, especially given the fact that there are many native people out there who have had vast experience of negotiation of agreements or working for children's aid societies, who are

knowledgeable about many aspects of the law and who, in my view, would make wonderful candidates.

Hon. Mr. Scott: If they will apply for the training course—we make some effort to hunt them out, I can assure you—and take the training course, they will be assessed. And I hear what you are saying about JPs; I am sure your experience is much different than mine. The only observation I make is that we have been trying to professionalize the JPs, partly because we have to, in light of the charter, and partly because we owe it to the public they serve that we should have a reasonable standard. Indeed, we have appointed a co-ordinator whose job is to do precisely that.

If you are interested in the subject, I would be delighted to put you in touch with the people in my ministry who run the program, and they can discuss with you how they see it. We would be delighted to have any suggestions you have to make it more effective, because the object of this program is to get more natives into the work. We put a fair amount of money into the program, and I want to get better results in terms of people who are prepared to be sworn in at the end of the day. Any suggestions you can make about how to find those people or how to attract them will be very well received by me.

Mr. Hampton: How many native JPs are there currently?

Hon. Mr. Scott: I cannot tell you, but I can find out, perhaps by tomorrow.

Mr. Pouliot: Can you tell us about the shortage?

Hon. Mr. Scott: I can give you some figures about the numbers in the programs from time to time. Perhaps the deputy can note this question down.

Mr. Hampton: On average, how many are trained each year?

Hon. Mr. Scott: I went to a program two years ago just to have a look at it. It was a two-week program run in Sudbury. I think there were 18 applicants who started out in that program and whom we had gone out to find in the way you have described. I think we ended up with three candidates at the end of the program.

I think I should explain that this is not simply that people failed to attend. It is often that people, when they found out what the requirements of the job were in a more detailed way than from a simple job description, decided that they did not want to do it. That is because it is not easy work and it is work that requires a certain kind of

isolation; not physical isolation but intellectual isolation. For some people, and I am one of them—I do not ever want to be a judge, for precisely that reason, notwithstanding what you are reading.

1730

Mr. Hampton: I am glad you cleared that up for us. I will go back then to make the comment that given the fact that, at this time, many native communities across northern Ontario are easily reached by highways, the excuse that there has to be an element of social isolation is one—

Hon. Mr. Scott: No, not social isolation; intellectual isolation.

Mr. Pouliot: You have to stay alive as well.

Mr. Hampton: Intellectual isolation is one, I think, that can be overcome.

Hon. Mr. Scott: I agree.

Mr. Hampton: I will give you some examples. The community of Dryden, the community of Atikokan and the community of Fort Frances are all within easy driving distance of, I would say, 10 or 11 native reserves.

Hon. Mr. Scott: Yes, but justices of the peace in our system do not serve only native reserves.

Mr. Hampton: I understand that.

Hon. Mr. Scott: They serve white communities too, and so they should.

Mr. Hampton: Yes.

Hon. Mr. Scott: They take their turn with everybody else. I can tell you that it is not easy. We had one who has resigned, who had some very serious difficulties with the job, and they were not all difficulties of her own making. They were often difficulties as a result of pressures that the community placed on her. You know, the public environment has to be developed.

I think I should try to get you some figures and some detail on this program. Frankly, I will be delighted to have any suggestions you can make as to how it can be improved, because I think it is important.

Mr. Pouliot: Are you starting any promotion? Are you promoting the program the way it should be?

Hon. Mr. Scott: We are getting, I believe, at least observation, a fair number of applicants.

Mr. Pouliot: Would you go so far as to say that in some cases, it is difficult, not to literally stay alive but to live, to evaluate in a native community if you are a justice of the peace; that the role is often misunderstood, and you are not very popular as a result of your function?

Hon. Mr. Scott: Certainly. One of the classic examples that I can give you does not relate to a justice of the peace but to a native constable, in a community in which we had established a native constable program. The native constable said he was delighted to be in the program, but he did not want to serve in the native community. He preferred to serve in the adjacent white community. I do not say that to be critical of him. I simply say that to observe that there are real pressures that have to be dealt with as we move along in these programs.

Mr. Campbell: I am absolutely fascinated when we get into one area of a program for a people for whom perceptions of what their station in life is, what the non-native community is supposed to do—I do not have to go, as the critic from the official opposition said, to far-flung reaches of my riding. I go three blocks from my house and I find the very difficult problems that the urban native faces, which are the same kind of problems that a reserve native faces, except for the complication of basically being not in his own society but in a society that in large part does not have the patience to deal with what has to be, in my view—I recognize that I am a non-native, but I guess I might bring to the table a concern that I have for folks in a similar situation who are non-native and having difficulty understanding when someone is from a reserve environment and coming into an urban environment. Certainly, increasingly in a number of cities in Canada and northern Ontario a large portion of the population is made up of native people.

Dealing with the programs, which I sense to be very difficult to comprehend, I go back to a statement that my colleague the member for Port Arthur (Mr. Kozyra) made about a comprehensive approach to the problems of how our native people live; not, I stress, a white person's example or way that should be imposed on our native people, but at the same time trying to understand the differences between federal and provincial programs. Before I got this job, I understood that every single problem was of the federal jurisdiction. Now, of course, I understand that is not the case.

I guess it is more a comment than anything else but I am increasingly concerned when a larger proportion of the populations of a number of our cities in Canada is made up of native people and we do not seem to be moving, whether it is a federal or a provincial responsibility, to deal with the problems of our native people, with natives trying to help solve the problem. I see that very

clearly in Sudbury; I see it very clearly in Regina; I see it very clearly in Winnipeg.

While the other two cities are not part of our province and may be beyond our jurisdiction, I think it points out the fact that as a jurisdiction or as a group of people, we are not being very successful in dealing with a lot of these problems in that community. I want to wrap up by suggesting that we can somehow, as well as dealing with the reserve natives, also deal with urban natives because, increasingly, more and more are gravitating to our larger cities.

Hon. Mr. Scott: But if you leave the reserves aside for the moment, surely you begin with the proposition that native people in Ontario and in our Ontario cities are entitled to the same level of services as other Ontarians?

Mr. Campbell: Absolutely.

Hon. Mr. Scott: The second proposition is that because they are different from white citizens of Ontario, they are entitled to have that service fine-tuned for them and delivered in a way that is culturally sensitive and satisfactory to their needs. You know. You were an alderman in the city of Sudbury, and Sudbury provides a vast array of services to its local people. What is it doing to fine-tune those services for the native people who live in its midst? That is the question this directorate asks of other ministries:

"Mrs. Caplan, you are providing health services. Mr. Curling, you are providing skills training services. Are you conscious of the particular needs that native people have and the particular problems of delivery and general acceptability that should be a part of your services if you are going to make them attractive to native people?"

That is what every level of government, it seems to me, has to begin to do. I often look at my own city, Toronto, one of the largest native communities in Ontario, and ask to what extent that service deliverer is focusing on the way it provides services to that proportion of its community that is native. We all have to do that. Apart from land claims and self-government and aboriginal issues, one of the important jobs of the native directorate is to see to it, as far as we can, that other ministers are conscious of that obligation, and I think we have made some headway.

We have a cabinet committee which has among its members the principle service providers of government and we have made some real headway, particularly in the educational field. We now have these negotiations under way in which we are looking at some transference of real

authority, so that educational services will be delivered in a way that meets the requirements of native communities and will be effective education as well.

1740

Mr. Campbell: I realize that is the case. When I was an alderman in Sudbury and a regional councillor, I asked those questions of my fellow councillors. When the federal member for Sudbury, the Hon. Douglas C. Frith, was Minister of Indian Affairs and Northern Development, albeit for a very short period of time, and before that when he was parliamentary secretary, I believe the federal term is, to the same ministry, we shared in those two contexts the very real problems of urban natives and those who are not urban but are on the reserves. I am very sensitive to the fact, and the school systems have to be appreciative, especially of those natives who are in the school systems in an urban setting, largely in downtown schools, largely dealing with a number of other family and societal problems and pressures.

That is why I say what I am saying at this point in time. I agree with the minister that we have to be more appreciative of those kinds of concerns and have other levels of government being aware of those concerns, but we must also clarify to the general public where the areas of responsibility are. Whether they are in fact transfer payments from the federal government through some of the programs that urban municipalities with large numbers of natives in their jurisdiction run, whether they are cost-shared by the province, as you have outlined here, there are a number of those questions dealing with our natives that I think we, and the general public, all have to come to grips with.

Hon. Mr. Scott: But leaving aside on-reserve issues for the moment and dealing with our cities, the responsibility is that of the level of government that provides the service, because native people live in the community just like anybody else.

For example, Ontario provides some health services in the city of Toronto. The minister announced a couple of months ago a native health program for the city of Toronto that was designed to fine-tune the delivery of public health services for native people who live in this kind of environment. If the city of Toronto provides a service to its population at the municipal taxpayers' expense, or under a shared-cost program, it will be the responsibility of the city of Toronto to serve its citizens effectively.

Just as programs in the city of Toronto are now supported by material in five or six or seven or even 10 languages, the city of Toronto, just like we are, will want to begin to say: "How can we meet the needs of native people? What are the things we have to do to make this service available to them in a meaningful way?" For many, it is not something to which a lot of time has been devoted.

I think over the last five or six years we have become increasingly aware that the failure to uptake services is not an indication that there is no need but may simply be an indication that either the service is not understood or how you access it is not understood or what you can get out of it is not fully comprehended.

Mr. Chairman: Mr. Campbell, I am going to interrupt you. Mr. Pouliot is the critic and he has the floor today.

Mr. Campbell: Yes, I appreciate that.

Mr. Pouliot: Thank you, Mr. Chairman. Bill C-31 is the reinstatement of Indians who have lost status or band membership. What financial assistance is your ministry offering for the reinstatement?

Hon. Mr. Scott: Bill C-31 has created some major difficulties, as you know. The deputy may be in a better position to provide you with detail, but my understanding of the matter is that the federal government completely misjudged the extent to which there would be uptake under this program. While that has not led them, I believe, to turn down any applications, it has meant that they have been unable to provide the infrastructure that would naturally follow status.

I think, for example—the deputy may know—the failure to grant reserves in the cases to which you earlier referred may be a result of financial pressure dictated by the additional unanticipated costs in connection with Bill C-31. But that is a federal program.

In respect of the creation of reserves, we have indicated our willingness to provide reserve lands. I think there is a committee at the Indian Commission of Ontario that is working to try to identify those lands. We have discussed the prospect of providing those lands at nominal cost. The problem is that the infrastructure has to be provided by the federal government or we must face, as a province, the reality that we will be taking on a responsibility for the taxpayers of Ontario that is a Canadian responsibility.

Mr. Pouliot: Again, with respect, I have to take with a grain of salt here your comment regarding your willingness to make land avail-

able. In the last 15 years there has been a real sentiment that there is something palpable, something we can almost feel, which is the reluctance of the federal government in any instance to create more reserve land. They seem to be of the opinion that you have to take away from an existing entity, an existing band.

Hon. Mr. Scott: No, when Mr. Crombie—

Mr. Pouliot: And I think you are a part of that. I do not want to interrupt you, but I fail to see the kind of trust that should be generated from your government, the kind of leadership role.

Hon. Mr. Scott: If you will come to the meetings of the Indian Commission of Ontario, you will see that everybody there is much vexed because the federal government promised to grant reserve status, which it alone can do. Reserve status carries with it two things: entitlement to land and entitlement to federal services.

I do not think the federal government anticipated the cost of doing this. We have indicated that we will dedicate the land to this purpose. As I say, a tripartite committee with native participation is seeking to identify the land. But the land alone is not going to solve the problem. What is required is the dedication of federal services. They have indicated so far that they are not prepared to dedicate those services. A reserve without services is not going to be a very effective reserve.

Mr. Pouliot: But you see, with the advent of Bill C-31, you perpetuate the possibility of exile on what should be their own land. What you have done in the past is give a minute parcel of land, even in demonstrated cases such as in northwestern Ontario where you really have a lot of acreage that you could use.

A place that people can call their home or reserve does not satisfy the intent of self-government with a proper land base. You have shown a great deal of reluctance as a provincial government to extend the land mass for reserves past the community level, providing essential services such as, in some cases—yes, finally—sewer and water. But you have shown a great deal of reluctance to grant people a land base.

Hon. Mr. Scott: I suppose you can say whatever you want, but the reality is that you must analyse the problem. The bands that you are talking about which have not had reserve status—there is no failure to deliver land in that context. We have indicated our willingness to identify land. There is a failure by the federal government to provide services. That is issue

one, and whether the land dedicated is sufficient will always be subject to negotiation and debate. We are prepared to participate in that.

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Do not mix that up with the second issue, which is whether the land base is sufficient to justify self-government, because that is a second issue. As we move on into the self-government negotiations, we are prepared to look at those questions.

Mr. Pouliot: I recall very—maybe the Attorney General can help me—

Mr. Chairman: Are you starting a fire over there?

Mr. Pouliot: No, I am not. I do not evaluate in that fashion. Everything is secure. Thank you very much for your concern.

As I was saying, I recall very vividly—maybe the minister cannot help it. It is very difficult in your case to defend what is really indefensible. The reality speaks for itself: negotiations between the band at Webequie which was making the transition to, move to or attempt for reserve status and the Ministry of Natural Resources' native affairs, and MNR's throwing into the middle of negotiations a proposed provincial park as an entity. That is really a sign of total disrespect for due process.

Hon. Mr. Scott: When was that?

Mr. Pouliot: It was 1985-86. We are still waiting; we were promised it in 1987. I recall also the arguing that took place—nothing short of that—for Grandmother Point at Lansdowne House, one of the less fortunate reserves in all of Ontario. It was very vivid, the argument between native affairs and MNR. They were talking about a few acres of land for a fistful of dollars, and our First Canadians were left holding the bag.

People like yourself perhaps would have recognized it as negotiation at its best, but in this case the people who should have benefited the most were on standby; they were observers. So when you tell me about the need for this and this—I am dealing with true facts, and I am talking not only about people in our riding but our First Canadians. I am dealing with facts of life.

Hon. Mr. Scott: Let me ask you a question.

Mr. Pouliot: Inevitably—this is my question—people are asking for more land.

Hon. Mr. Scott: But let's deal with—

Mr. Pouliot: They are asking for what is there, which is a land base, and you confront me with—I am not going to say a poor attitude because certainly your title and you personally

deserve better than that, but something that invites confrontation and brings out the worst in people, and this is what you are getting on the steps of the Legislature.

What I am asking is this, if you will let me: When are you going to establish a timetable, come up with a serious commitment, regarding a land base for our First Canadians?

Hon. Mr. Scott: But is the Webequie case one of the cases in which the government promised a reserve?

Mr. Pouliot: I guess—

Hon. Mr. Scott: I do not have that. Is it a case where reserve status was granted?

Mr. Pouliot: It is a case where it was not granted. Do you want to change chairs?

Hon. Mr. Scott: No, no. That is what I am telling you. The failure to provide land is not at stake in that case. What is at stake is the federal minister's determination not to provide resources.

If the federal government was prepared to create a reserve there, which only it can do—we cannot do it—and the project fell apart because of the dimension of the land that the province was prepared to offer, I would answer your question.

But if it fell apart, as I believe may have been the case—we will look into it—because the federal minister said, "We will not be providing any infrastructure and will not be, in effect, granting reserve status," there is nothing you and I can do about that except go and try to get elected somewhere else.

Mr. Pouliot: Again, with respect, when we are talking about assessed value, the few dollars per acre for the few parcels of land that you were willing to give to enhance the quality of life, I think that you have really been a party to the stalling. I am not saying that it was all that deliberate, systematic, deals under the table—no, no. But I do not think the province has taken the leadership role that it should in defending and representing native rights, and it starts at the land base. One of the best proofs that you could have for self-government—

Hon. Mr. Scott: What would you like me to do? Tell me what you would like me to do. Do not tell me about any oratory. Tell me what you would like me actually to do.

Mr. Pouliot: I am not given to prolonging conversations.

Hon. Mr. Scott: So you are not going to tell me.

Mr. Pouliot: I leave that to people like yourself. I answer questions directly. What I

would do is make a commitment. Identify land around the existing reserves and fork it over, hand it over to our First Canadians. That is what I would do. You can fly for hours over the land and then you go to the community and they have this much land available. I would give it to them because it is theirs. That is what I would do.

Hon. Mr. Scott: We have undertaken to make land available when the federal government grants reserve status, so we have done that. Now what would you have us do next? I know your mandate will not be exhausted.

Mr. Pouliot: My mandate would not be exhausted. There is no jurisdiction stopping you from granting the land before reserve status is achieved. You could do that.

Hon. Mr. Scott: But what would the land be? It would not be a reserve.

Mr. Pouliot: You could call it a reserve if you wished. It would be a de facto situation, as is. The thing is the land would be theirs. Certainly it would enhance the negotiating process.

Hon. Mr. Scott: You could give it, I suppose, in title to the Indians, the native people who occupy it, but I do not believe you could grant it as a reserve if the federal government was not prepared to take it over as a reserve. I may be wrong on that and I will look into it, but I believe that if the federal government was not prepared to grant reserve status to that land, was not be giving it in fee simple to the native people at the time of the grant.

Mr. Chairman: I think perhaps the minister might check into that over the break.

We are almost at six o'clock. We have exhausted about two hours of the five-hour period. It would be nice, and perhaps we can pass this on to Mr. Runciman or to Mr. Eves, if perhaps we could agree to vote on the estimates at 5:45 tomorrow night. Does that sound reasonable? Do we have at least partial agreement from you, Mr. Pouliot, that we might do that? We will canvass that with whomever shows up for the third party tomorrow. Okay?

Mr. Pouliot: I will be happy to go back to the real members of the committee.

Mr. Chairman: It being almost six of the clock, we are adjourned until after routine proceedings. I hope that perhaps the clerk might speak to the third party and see if we could start as soon as possible after routine proceedings tomorrow.

The committee adjourned at 6 p.m.

OPENING STATEMENTS

(Tabled and printed by unanimous consent of the committee)

Hon. Mr. Scott: It is a particular pleasure to be here today because it has been over two years since I last presented the estimates of the Ontario native affairs directorate to this committee.

While I have discussed specific issues with members of this committee on various occasions, since my previous appearance before you I have not had an opportunity to address the whole field in a comprehensive fashion. This is regrettable, for I find general discussions with members to be of great benefit in the discharge of my responsibilities. Therefore, I look forward to your views and comments.

At the same time, I hope that the information and perspectives that I will provide will go some way towards satisfying your questions and concerns. As politicians, there is a struggle within all of us between the general and the specific, between the expansive vision and the particular problem. I will try to address the field from both perspectives today.

When I last addressed this committee, I was new to the portfolio. At that time, my concern was to convey to you my view of the role of the minister responsible for native affairs and to discuss with you what I felt to be the essential focus for activity in this area.

A great deal has happened since then—some of it disappointing; some of it hopeful. I cannot say that the problems confronting native peoples are as amenable to quick solution as some of may have thought; nor can I say that they are as intractable as others would have us believe. What I can say is that there is a way forward. Progress can be made; it takes time, but a path is there.

What I would like to do in my opening remarks is explore with you the critical events and accomplishments of the past two years, and with these events and accomplishments in mind discuss with you the short and long-term priorities of the directorate—the path ahead, if you will, as we see it.

At that point, I would be happy to respond to your questions.

In 1987, the select committee on constitutional reform tabled its report in the Legislature. In my view, this is a very significant document. It represents the culmination of a process through which the public became involved in a complex series of constitutional amendments designed to secure Quebec's acceptance of the Constitution Act, 1982.

Furthermore, while recommending the adoption of the Meech Lake accord, it reached out to other sectors of the population and recommended ways of addressing their concerns. Notable among these latter recommendations were those in respect of aboriginal people.

Of course, the report of the select committee was tabled in the House, debated and adopted. It is abundantly clear that the Legislature has resolved to address aboriginal constitutional matters. I take this as direction to pursue discussions with the federal government and aboriginal groups towards the identification and definition of the rights of aboriginal peoples in the constitution. This is a direction that I am happy to pursue.

Undoubtedly, the most significant event of the last few years in the field of aboriginal affairs was the failure of the March 1987 First Ministers' Conference on Aboriginal Constitutional Matters to reach agreement on an amendment addressing aboriginal self-government.

I do not believe that the conference failed for any lack of wording to express an agreement in principle; nor did it fail for any misplaying of hands. All parties presented their positions with great skill and determination. I am convinced that there was a true lack of consensus on fundamental issues. People simply did not agree.

On the one hand, aboriginal peoples believe that they were self-governing when Europeans first arrived in this land and that they have never surrendered their right to be self-governing. They believe that their right to self-government is protected under section 35 of the Constitution Act, 1982. What they were seeking was the explicit constitutional recognition of this right and the entrenchment of a process through which that right would be implemented within Canada.

Governments, on the other hand, were not convinced that section 35 of the Constitution Act, 1982, entrenched a right to self-government. Further, governments generally took the view that constitutional recognition of an unqualified right to self-government would result in a court determination of the nature of that right—and governments do not believe that courts have the capacity to address a problem which is so complex. Governments believe that aboriginal self-government is, inescapably, a political issue and it is the responsibility of governments to address it.

I am proud of the efforts Ontario made to bridge this gap. We tabled a proposal which provided for: the entrenchment of the right of aboriginal peoples to self-government while

protecting the rights and powers of Parliament and the provincial legislatures from derogation without the express consent of those bodies—this would occur through the approval of a negotiated self-government agreement; the commitment on the part of governments to a process for the negotiation of self-government agreements with all aboriginal peoples; and the establishment of a procedure for the constitutional protection of rights set out in negotiated self-government agreements.

Short of acceding to the position of aboriginal groups, Ontario went as far as any other government—and very much farther than most. In the end, Ontario's position was rejected by both the representatives of the aboriginal peoples of Canada and the majority of the provinces. The gap could not be closed.

The failure of the conference has had a pronounced impact on the conduct of native affairs in Ontario.

First of all, the desire of the aboriginal peoples to negotiate their entry into Confederation has been frustrated. The hope of aboriginal peoples that constitutional change would lay a foundation for a new and more equal relationship among peoples remains unrealized. Accordingly, there is a sense of being unfairly dealt with among aboriginal people. The agreement reached on the 1987 constitutional accord has heightened this sense of alienation.

Second, fundamental legal issues remain unresolved. Basic questions regarding the application of aboriginal rights, the scope of treaty rights and the source of jurisdiction of Indian governments bedevil efforts to establish practical arrangements which would contribute to greater self-determination and self-reliance for aboriginal peoples.

Finally, federal-provincial responsibilities remain ambiguous. The lack of clarification of responsibilities engenders mistrust which, in turn, inhibits co-operative action. Disputes, offloading, gaps in services and inefficiencies in delivery are the legacy of continued federal and provincial acrimony.

In my view, had there been an agreement at the 1987 first ministers' conference we would be in a better position now to institute determined and practical change for the benefit of native communities. Indeed, I fear that the lack of agreement may have ushered in a period of retrenchment on native issues. People may be less willing to be innovative and supportive of fundamental change. They may feel that aborigi-

nal demands are unmeetable and dismiss as unreasonable their very legitimate concerns.

At the same time, aboriginal people are beginning to take a variety of actions which are intended to give expression to their rights as they see them. I am sure you are all aware of the very difficult situation that arose in the Temagami area and has now been laid before the Court of Appeal. Further, there are challenges to the application of the laws of Canada and Ontario in relation to hunting and fishing, gaming and customs duties.

In summary, it is difficult to escape the view that the failure of the constitutional conference to make progress toward the establishment of aboriginal self-government has heated up the environment and made it more difficult to resolve problems which cannot be expected to disappear. Therefore, I am profoundly disappointed that agreement on an amendment could not be reached. I will return to the issue of how we can make progress towards resolving this problem at the end of my remarks.

Another major factor to take into account in approaching native issues is the ability of governments to allocate additional financial resources to address the needs and aspirations of aboriginal communities.

I am sure you are all aware of the federal government's efforts to reduce its deficit. Unfortunately, it has placed those aboriginal people for whom the federal government acknowledges direct responsibility—i.e., status Indians—in a squeeze. On the one hand, new funds are scarce; on the other hand, cost pressures within the Department of Indian Affairs and Northern Development have absorbed available dollars—the underestimation of costs associated with the implementation of the 1985 sexual equality amendments to the Indian Act and the unexpectedly rapid increase in costs under the Indian child welfare agreements are playing havoc with efforts to respond to basic and developmental needs.

As is typical in times of restraint, the federal government is taking a very narrow view of its responsibilities for aboriginal peoples. Its strategy appears to be one of confining itself to those financial responsibilities it has accepted under the Indian Act. Accordingly, it appears to be seeking ways of reducing its discretionary responsibilities.

In the area of policing, for example, the Department of Indian Affairs has informed us that it will not honour a tripartite agreement to increase the number of band constables. Indeed,

the federal minister has taken this opportunity to note, parenthetically, that policing is a provincial responsibility anyway. Similarly, the federal government has refused to provide schools for status Indian communities on crown land—necessitating provincial financial participation.

As far as aboriginal peoples are concerned, there is a special and enduring relationship between themselves and the federal government. None the less, when their needs are unmet or when the development of new arrangements are frustrated or a process becomes truncated, there is a very practical tendency to look to the provinces for assistance. Those of you who have responded to the concerns of status Indian constituents know what I mean.

It is within this environment of high native expectations and constrained federal spending that the province must consider the financial resources available to meet its responsibilities. When we do so, we find that Ontario's expenditures must be tailored to the narrower revenue base created by today's economic climate. The province must exercise prudent fiscal management.

The immediate implication for native affairs is that initiatives requiring large infusions of new funds must be considered very carefully. To be frank, there is little room for the expansion of programs. There is no room for taking on responsibilities which the federal government would prefer to drop. Our planning, therefore, must focus on what is possible within existing budgets.

Finally, I would like to say a word about the public environment within which we are negotiating native issues. It is a truism that no arrangement negotiated with aboriginal peoples can withstand hostility on the part of the wider public.

With this in mind, Ontario has made efforts to inform the public of its undertakings to negotiate with native communities. We have addressed the issues in general terms through speeches and the many contacts we have with the public. In specific terms, we have structured formal information and consultation processes around particular issues—the Indian fishing advisory committee being an example.

Through the arrangements, we have made it clear that Ontario will speak for all Ontarians in negotiations with aboriginal groups. The province acknowledges and will not deviate from its obligation to take into account the interests of all parties when negotiating an agreement.

Accordingly, while we accept that aboriginal peoples have rights that have to be incorporated within the system of government in Canada and while we accept that aboriginal peoples need the skills and opportunities to be productive within the economy of the province, we are very conscious of the fact that our energies must be directed towards negotiating arrangements that strengthen the whole social fabric and make it more possible for peoples to live together amicably, to juxtapose rather than counterpose interests.

What we seek is a balance of interests. We believe that through such a balance aboriginal peoples will be able to exercise the control over their affairs that the rest of us take for granted. I believe that in most negotiations such a balance can be found. I believe, as well, that the majority of residents of this province wish to be fair and are prepared to search for arrangements which reflect social equity and respect for historic relationships. In short, I think we can look to a sense of co-operation and understanding within the public as a foundation for our work.

Having said this, I would not be honest if I did not also say that it may be difficult to overcome the division among peoples. In some of our negotiations, we have faced considerable resistance to the fact that we have decided to negotiate at all. In these situations, negotiations tend to be interpreted as win-lose. People feel threatened. They see their futures on the trading block, their interests negated and their life's work gone for naught.

This kind of reaction, of course, completely misrepresents our intentions. For that reason it cannot be allowed to deter us. But it is a reaction that must be addressed with some understanding and sensitivity. At the end of my opening statement, I will make some remarks on how these matters may be addressed.

Having commented on what are, perhaps, the most critical factors in the environment bearing on native issues, I would like to review with you what I feel to be the major accomplishments of the native affairs directorate over the past two years.

Our intent over the last two years has been to lay the foundation for establishment of new structures to govern the relationship between aboriginal and nonaboriginal peoples in the province. At the same time, we have been conscious of the need to respond to matters of immediate concern to aboriginal people. Our accomplishments, therefore, reflect this mixture and I think our accomplishments are appreciable.

Given the difficulties I have described, we have made reasonable progress towards achieving the goal we set for ourselves three years ago; namely, assisting native people to be more self-reliant and self-determining. Let me give you some examples of the kind of progress I am referring to.

1. The Indian Commission of Ontario:

I am pleased to say that upon the resignation of Mr. Justice Patrick Hartt as the Indian Commissioner of Ontario, we had the wisdom to appoint Roberta Jamieson as his replacement. Under Roberta's leadership, the commission has become a vital institution. I cannot say that we have resolved as many issues as I would have liked. None the less, there has been a real accomplishment and this lies, I believe, in the preservation and development of an independent and neutral forum in which all parties are free to bring issues for consideration. It is hard to overstate the long-term benefits of open communication among parties whose cultural differences are so central to their conflicts.

But I think the commission also believes that more can be done to assist the parties to work their way towards solutions. It is taking a more active role in the facilitation of processes—it has even taken the step of training the parties in the nature of the negotiation and the techniques of arriving at consensual solutions. I firmly believe the commission provides us with an important instrument for the resolution of matters of concerns to Indians in Ontario.

2. Mercury pollution:

Almost upon assuming the portfolio of minister responsible for native affairs, I had the honour of ratifying, along with my cabinet colleagues, the agreement signed in 1983 with the Islington band. A committee of officials has been struck to oversee the implementation of this agreement and many of the provisions of the agreement have been fulfilled already. For example, the greenhouse provided for in the agreement has been built and opened, and a recreational complex is under way.

In the following year, I introduced into the House the English and Wabigoon River Systems Mercury Contamination Settlement Agreement Act. I am pleased that this much of the disgrace associated with the damage done to the Whitedog and Grassy Narrows communities has been addressed. We are now negotiating a socioeconomic agreement with Grassy Narrows. I am committed to seeing that it is done expeditiously.

3. Land claims:

I am proud of the fact that we are the first government in the history of the province to make an offer of settlement to the Temagami band. As you know, this offer was not accepted and we are now awaiting an appeal in the Supreme Court by the band.

We have made offers to bands in a number of other important land claim negotiations as well. In particular, I would mention Parry Island, Manitoulin Island, Lac La Croix and Assabaska.

Finally, we have sought and received cabinet direction with respect to positions that Ontario should take in a number of other land claims. I anticipate that we will be proceeding with these claims shortly. I am pleased, therefore, to be able to report progress towards the resolution of Indian land claims in Ontario.

4. Self-government:

In December 1985, Ontario entered into a declaration of political intent with the federal government and representatives of status Indian people affirming the desire of the parties to negotiate matters relating to the powers and jurisdiction of aboriginal governments. Those discussions have now come to focus on the transfer of education to Indian governments. This government has approved a policy to guide the province's negotiators, and discussions have begun on the transfer of education programs and authority to first nations.

In February 1986, Ontario entered into a memorandum of understanding with the federal government and the Nishnawbe-Aski nation committing the parties to the negotiation of self-government arrangements for the Nishnawbe-Aski nation. These negotiations are now focusing on two matters, namely:

(i) A comprehensive proposal with respect to the Nishnawbe-Aski nation's role in relation to land use planning and environmental protection in the Arctic watershed region of the province;

(ii) Terms of reference for the negotiation of the transfer of social services programs and authority to the Nishnawbe-Aski nation.

5. Economic development:

In February of this year, cabinet approved in principle an Ontario native financial institutions program. This program arises from the commitment in the 1986 speech from the throne to establish a native economic opportunities program. The purpose of the program is to provide short-term operational subsidies to native financial institutions which have a capitalization base sufficient to make them self-reliant within five years. The directorate is now preparing program

guidelines and criteria and we expect the program to be running shortly.

In 1987, the directorate published a discussion paper entitled *Towards a Framework for Native Economic Development Policies and Programs in Ontario*. This report was distributed to all organizations and groups having an interest in native economic development. We are now finalizing a strategy to guide Ontario's involvement in native economic development.

6. Resource development:

Members of this committee are aware that the antitrapping lobby has mounted a campaign aimed at the eventual elimination of wild furs from European markets. Their success in gaining a ban on seal pelts shows that they are effective; the impact of the ban in Inuit communities shows that such success can be destructive.

Given that trapping continues to play an important role in native communities in northern Ontario in terms of both cash income and food, it is important that we act to counter the message of the antitrapping lobby. Otherwise, native livelihoods and cultural practices will be in jeopardy.

This being the case, the directorate responded immediately and positively to a request from Indigenous Survival International, a worldwide organization in support of native peoples, to become involved in an exposition on northern native peoples in London, England. The directorate co-ordinated the marshalling of financial support within the provincial government for the exposition. I regret that I was unable to attend, but a staff member of the directorate ably represented Ontario. I hope that as a result of this exposition the importance of hunting and trapping to the economy and culture of the aboriginal peoples of Canada is better understood in Europe and that the antitrapping lobby campaign will not prove harmful to native peoples and the fur industry.

The directorate, in conjunction with the Ministry of Natural Resources, worked with federal departments in finding a solution to the thorny problem of the enforcement of the Migratory Birds Convention Act during the traditional fall goose hunts of the James Bay Cree. I believe we have found an interim solution which allows Indians along the James Bay coast to hunt during the spring except in sanctuary areas. I look forward to the day when Canada, the United States and Mexico conclude amendments to the Migratory Birds Convention Act which reconcile the need for international conservation measures with the rights of aboriginal peoples.

In a similar vein, the directorate has worked with the Ministry of Northern Development and Mines and the Ministry of the Environment to assist development proponents and native communities to arrive at practical agreements with respect to a variety of resource development projects in northern Ontario. Included are: the Magpie hydroelectric project; Cedar Channels redevelopment dams; Dona Lake mines, and St. Joseph Canada mines.

This is a difficult and time-consuming role, for it requires staff to work among the principals to find practicable solutions.

Naturally, I wish that this list of accomplishments were endless. While I could recite further accomplishments—the contribution of the directorate to the development of Ontario's position in the first minister's conference and the negotiation of a framework agreement on the location of the boundaries of Walpole Island reserve come to mind—I think I have said enough to show that real progress has been made. To that extent, I am satisfied.

Turning now to the priorities of the directorate for 1988-89, I think it is important to make the point that the directorate is relatively new as an agency of government. Until 1985, the directorate, then known as the office of native affairs policy, constituted a unit whose function was essentially to co-ordinate responses to native issues on behalf of the government.

In October 1985, that function changed as a result of the adoption by this government of a corporate native affairs policy. This policy established a proactive and developmental approach to native issues on the part of government. The directorate, therefore, had the responsibility of recommending to government what, in specific terms, that approach meant and how it would be carried out. The task has not been easy for it amounts to the establishment of a foundation upon which all government policies and practices in respect of native peoples can be constructed.

Further, the proactive and developmental approach adopted by this government requires the directorate to assume an advocacy role in respect of native issues within government. It is hard to be both adviser and advocate; it takes time to understand the nature of the role and to gain acceptance for it.

I draw these matters to your attention for I am more convinced than ever that the directorate has a critical role to play in developing a new relationship between aboriginal and nonaboriginal peoples in the province. Indeed, we have

recently defined the goal or mission of the directorate in the following terms:

To assist the government of Ontario to create opportunities and initiatives which advance the rights and aspirations of aboriginal people, contribute to an improvement in their quality of life, and resolve issues of concern within the authority, responsibility, resources and priorities of the government of Ontario.

We believe the objectives of the directorate to be: aboriginal self-government; aboriginal economic development; the protection of aboriginal culture; access on the part of aboriginal people to programs and services, and honouring the commitments of the crown to aboriginal people.

Consistent with these goals and objectives, the directorate will be developing policies to guide Ontario in the negotiation of agreements on self-government and land and natural resources issues.

Of course, the foundation for the conduct of native affairs in the province does not consist of the development of policy alone. If it did, we could be properly accused of all intention and no action. On the contrary, the conduct of native affairs in the province has everything to do with the practices of program administrators and service providers in communities. It is this human connection that we are trying to address.

Consequently, we are going to proceed with the negotiation of self-government agreements and the resolution of land and natural resources issues across the province. Indeed, these negotiations are the focus and rationale for the policy development exercises.

At the same time, we need to recall that the delivery of services to native peoples in the province is conducted in a decentralized manner—each minister has responsibility for native issues within his or her area of jurisdiction. It follows, then, that both policy and negotiation processes must involve line ministers—and, as a corollary, that line ministries be held accountable for the implementation of the general undertakings of the government.

The directorate has a role to play in all of this. It will develop systems to monitor the implementation of corporate policies and agreements across government ministries and agencies. Its immediate task is to ensure that our program principles of native-specific services, native-designed services, native-managed services, nondiscriminatory provision of services and maintenance of federal funding for services are being appropriately applied in all programs that

have an impact on native individuals and communities.

Organizational changes: In order to accomplish these objectives, cabinet has extended the mandate of the directorate. As minister responsible for native affairs, my mandate now includes: the negotiation of corporate native issues including aboriginal constitutional matters and aboriginal self-government agreements; the research and negotiation of native land claims, and the monitoring of line ministry program development and delivery affecting native people.

My mandate in these respects is, of course, in addition to the mandate I discussed with you two years ago; namely, the development of general native affairs policy, the co-ordination of policy development, program delivery and special corporate projects, and the co-ordination of mediation processes and the representation of Ontario on the tripartite council under the chair of the Indian Commissioner of Ontario.

In order to carry out this increased mandate, the staffing level of the directorate has also been increased. From a complement of 11 in 1985, the directorate was enlarged to 21. Part of the increase is attributable to new positions required to undertake expanded workload. In addition, nine positions were transferred from the Ministry of Natural Resources at the time when the directorate assumed the land claim research function. Accordingly, the directorate now has about 30 positions.

With the appointment of Mark Kransnick in August 1987 to the newly created position of executive director, the directorate undertook a strategic planning exercise which resulted in the reorganization of directorate functions. Those functions are now located in the following units:

The office of the executive director, responsible for overall management and liaison with other organizations and native groups;

The planning and support service unit, responsible for strategic and operational planning, human resources planning, policy co-ordination, financial management and administration, legal advice and historical and statistical research;

The corporate policy unit, responsible for the development, monitoring and evaluation of government-wide native affairs policy;

The federal-provincial and economic development unit, responsible for the carriage of constitutional and federal-provincial policy matters and program policy in respect of native economic development;

The lands and resources unit, responsible for the carriage of negotiations and support to ministries in this area; and

The self-government/justice and social policy unit, responsible for the carriage of negotiations and support to ministries in this area.

I would now like to weave together some of the threads that I introduced at the beginning of my remarks. When I began this afternoon, I tried to place the activities of the directorate within the context of the legal, political and financial difficulties confronting the resolution of native issues. We need to consider, I think, how we are going to address those difficulties. Let me make some suggestions.

I do not for a moment believe that the impetus to constitutional change for aboriginal peoples has expended itself. Aboriginal groups are actively seeking a renewed process. We regard it as an item of unfinished business.

Indeed, the Premier (Mr. Peterson) has made a commitment to raise the question of aboriginal constitutional matters at a future first ministers' conference if the circumstances are propitious for progress to be made. We are now involved in exploratory discussions with other governments to determine their willingness to proceed with formal constitutional discussions.

The Legislature has resolved to support renewed constitutional discussions on the identification and definition of aboriginal rights.

Further, we are participating in meetings with representatives of the aboriginal peoples of Canada and officials or ministers of other governments in order to explore means and proposals designed to break the impasse that was so apparent in March 1987.

What is critical, however, is widespread interest in and support for constitutional reform for aboriginal peoples by all the parties across the country. While there are some indications of renewed interest in aboriginal constitutional reform, I believe that any formal process will likely await the adoption of the Meech Lake accord. I simply cannot see it becoming a major focus in the immediate future.

Accordingly, we will maintain an openness to constitutional processes and ideas. At the same time, we have to address what is attainable now. I reiterate, I am not ruling out the consideration of constitutional proposals—indeed there is some purpose in such considerations—but I would not want us to lose the opportunity to create practical arrangements through a preoccupation with constitutional matters whose results are uncertain.

The opportunity is before us to take important steps towards the realization of greater self-determination and self-reliance for aboriginal

peoples in the province. It is incumbent upon us to do everything we can to see that these steps are taken. To my mind, three issues need to be tackled which, together, will support our emphasis on the negotiation of practical self-government arrangements.

1. We need to develop strategies that enable us to present, in good faith, win-win models for the resolution of contentious native issues. By emphasizing, for example, what can be done to maximize a disputed natural resource base for all users or what benefits can accrue to the general public by clarifying access rules to a given resource, we have a better chance of establishing a basis for the amicable resolution of issues.

2. We need to develop reporting and incentive systems to ensure that the policies of this government are being adhered to—that government is truly being responsive to native concerns. Without the commitment of managers and service providers at all levels within the administrative system, the arrangements negotiated with aboriginal communities will not contribute as much as they might to the development of those communities.

3. Finally, we need to make sure that the funds that are now in the system for the support of programs for native people are available for the use of native institutions when they assume control over those programs. We may not be able to secure significant new funds for the support of native institutions, but we can ensure that native institutions will not be placed in the position of assuming responsibilities we have hitherto discharged without also assuming the resources with which we have discharged those responsibilities. Anything less would ensure that native institutions would be underfunded from the start and that our system would have become unfairly enriched.

I have touched upon many subjects in these opening remarks. Although there is much more that could be said, I would like to conclude here. I invite your questions and observations.

Mr. Pouliot: To separate federal responsibilities for delivery of a wide range of services and programs from those which should or could be provided by the province is a Herculean task indeed. There are many areas in Ontario where treaties were signed which gave reserve and band status to native people, some dating back to the 19th century. There are equally as many areas where treaties were signed without consultation with many native people whose livelihood has been profoundly affected by these unilateral actions. This has resulted in a proliferation of

complex and complicated land claims for tenure to land for reserve purposes and prior rights to indigenous resources on land surrounding Indian settlements for their use in following their tradition of gathering fish, wildlife, fur.

Many Indian bands such as Webequie, Lansdowne House and Summer Beaver have band status but no defined land that can be recognized as a legitimate reserve for their exclusive use. The federal government has, with great reluctance, granted reserve status to a number of Indian settlements over the past 15 years, but in most cases it was done by taking land from a recognized band and sharing or allocating it to a breakaway group of that same band which has chosen to occupy so-called crown land elsewhere. This happened with the Big Trout Lake Band, which had signed a treaty early in this century and an adhesion to this treaty in 1923.

In order to give communities such as Kasabonika, Angling Lake (Wapekeka), Wunnummin Lake and Kingfisher Lake their own reserve, land was taken from Big Trout Lake. This was done to discourage other groups from breaking away from traditional reserves and to reduce the cost of providing housing, schools, medical clinics and other infrastructure costs at new locations. It was also made more expensive because of the unwillingness of the Ontario government to surrender provincial crown land to the federal government for reserve purposes unless there was compensation at assessed value.

Since Webequie, Lansdowne House and Summer Beaver are considered to be a part of the Fort Hope Band, they have been unsuccessful to date in getting their own reserve land because of the reluctance of Fort Hope to surrender any land to make it possible.

At present, there are probably 50 land claim applications on the books in various stages of negotiation between Indian bands and the crown. They are extremely complicated and contentious and none of any major impact has been resolved over the last 20 years, certainly not to the satisfaction of our first citizens.

In 1969-70, the federal government, under the leadership of the Honourable Jean Chrétien, the Minister of Indian Affairs, attempted to rewrite the Indian Act, which would have transferred much of the responsibility for program delivery to the province with a provision for transfer payments to cover costs. As we well know, ministries of health and welfare, education and housing have always been recognized as falling within the domain of the federal government on Indian reserves. Education on reserves has fallen

far short of the mark, with most students who enter high school in off-reserve settings being one or two years behind students who went through the elementary grades in the provincial program.

There are many instances where reserve housing is built to much lower standards resulting in rapid deterioration because of inferior building sites, poor foundations and extreme climatic conditions. A commission has recently been set up to inquire into shortcomings in the health delivery system for residents of northern reserves in the Sioux Lookout zone.

Native organizations across Canada were extremely reluctant to be removed from the federal umbrella without a formal statutory commitment from the province to replace the Indian Act, given the fact that treaties are between native bands and the federal crown.

It is obvious that there are many services that are better handled by the province, which refuses to accept these responsibilities without an iron-clad commitment from the federal government to adequately cover all financial obligations.

There are other areas where the jurisdictional authority has become blurred by the enforcement of provincial game laws which are normally administered by the province, while the Canadian Fisheries Act and the Migratory Birds Convention Act make this function a shared responsibility.

There is no clear-cut body of law that can be used to adequately determine what aboriginal rights have been conferred on our first citizens by treaty or by legislation. The native community branch of the Ministry of Citizenship has a very modest budget for economic development, cultural or social programs, while the Ministry of the Attorney General is responsible for native affairs and the office of Indian resource policy is in the Ministry of Natural Resources. The latter supposedly, as its name implies, deals with Indian resource policy and Indian land claims. Effective February 1, 1988, this office was moved to native affairs under the auspices of the Attorney General (Mr. Scott).

The extent to which these ministries communicate with each other or co-ordinate their efforts on behalf of our native people is not at all obvious, given all the outstanding issues that have been languishing on the shelves of mandarins and bureaucrats for far too many years.

The Ontario government, through the Ministry of the Environment, appointed a commission in July of 1977 to inquire into the environmental consequences of any public or private enterprises

in the north relating to harvesting, supply and use of timber resources, mining, milling, smelting, oil and gas extraction, hydroelectric development, water use, tourism and recreation, transportation and communications, and to report as expeditiously as possible.

In June of 1985, after eight years and an expenditure in excess of \$10 million, a report was issued which came to the conclusion that the northern environment, the people who live there and its communities are extremely vulnerable to the impacts of large-scale resource development. It recommended new counterbalancing mechanisms so that specific developments can be better designed to harmonize with and contribute to the betterment of the northern environment.

The commission concluded that of all the possible economic activities in the north, tourism had the greatest potential. They recommended that tourist management agreements be designed by government in which tourism was to be the dominant activity and primary resource use. They saw security of tenure—land—to be essential to the viability of private or band-operated tourist enterprises on crown land, with sale of land after three years of operation, and that Indian people be given priority in the establishment of tourism facilities and enterprises on crown land in the far north.

They recommended that an inspector of forests be set up to head an independent forest audit agency, which would report annually to the Legislature on the condition of the forests, the conduct of forest management by the Ministry of Natural Resources and forest companies, and the extent and success of regeneration. They also recommend that all licensed areas and crown management units be operated on a sustained-yield basis.

All resource use would be under the control of an independent northern development authority with the power to negotiate mandatory resource use agreements with companies proposing development of northern resources. This authority would be operated by northerners and would reflect the interests of northern people, including Indian people and their communities.

The commission recommended the repudiation of the Reed agreement by returning 19,000 square miles of virgin timber to the crown and that no part of this huge tract be licensed or harvested until the commission's major recommendations on forestry were implemented. The commission recognized that under the Canadian Constitution, the unacceptable conditions of life in many Indian communities were the primary

responsibility of the federal government, but the Ontario government would also have to share the expanding burden of educational and social assistance payments arising from the rapid population growth in Indian communities and the inadequacy of the land base.

To help provide a better land base, the commission recommended that the government of Ontario grant crown land to Indian communities north of the 50th parallel. It recommended procedures for selecting the land to be granted, involving an independent northern land commissioner appointed under the Public Inquiries Act.

This crown land would help meet community needs for food gathering, housing, community activities, water supply, energy, fuel and building materials. The commission recommended that government grant all rights to such lands, including mineral rights. An Indian community would then have similar rights to these lands as it has to land on its reserve.

They further recommended that community-use areas be designated, in which hunting, fishing and trapping by Indian persons would have priority over other resource users, unless a resource-use agreement was negotiated by the northern development authority. Existing rights of use of occupancy would be excluded from community-use areas. Public access along waterways and reasonable public recreational and tourism uses would continue.

This commission report has been in the hands of the Ontario government for two and a half years. It was over eight years in the making and was the most extensive and expensive public inquiry ever undertaken. Nothing of any substance or import has resulted from this far-reaching study.

Many new developments have come on stream since the commission reported in 1985. In the commission's mandate area, parks have been established, gold mines in the Pickle Lake area are gearing up for production, and the Little Jackfish hydro development has been taken off the shelf and will proceed if environmental standards are met.

All of these important decisions are being taken by Queen's Park in total disregard for what was told to the commission by northerners, completely ignoring its recommendations and leaving northerners out of the decision-making process.

There is no evidence that the northern development councils set up over a year ago as advisory

bodies are following through with the recommendations in the all-encompassing report or having any major impact on the economic or social development process as it affects our northern native population.

In conclusion, a comprehensive approach to economic development, along with social services, child care, policing and lands control, will ensure the road to self-government is the right one.

Health is a major initiative. The transfer of health programs to the administrative control of the first nations is beginning. Jurisdiction, however, is a problem in the health sector. The federal government must decide in whose jurisdiction health is and who will have powers under the proposed transfer process.

Aboriginal and treaty rights are continually on the agenda. Monitoring events across Canada is important to keep up to date on decisions made in other cases. Decisions made elsewhere can have an effect on what happens in Ontario.

The current downsizing of the Department of Indian Affairs and Northern Development has resulted in the general transfer of some service delivery systems to the Indian people. Tribal councils have been established to undertake the role of self-administration. Included in the administration is the development of systems for human resource and financial management to design a conceptual framework with policy guidelines. This will lead to greater first nations control of many services and programs, and eventually lead to self-determination and self-government.

Other areas of concern include: natural resource development in the north; adult education and skill development; establishing high schools in the north and eventually a university or college, to educate Indian people in all fields, including political issues; Bill C-31, which is the reinstatement of Indians who have lost their status or band membership—there has been little or no funding for the successful reinstatement of these people; unemployment insurance benefits do not reflect the Indian people north of 50 degrees; federal responsibility for new bands—many of these bands are not fully recognized and therefore do not receive the funding necessary to provide adequate housing, education and other resources; and the capping of education assistance to secondary and post-secondary students.

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Also taking part:

Pouliot, Gilles (Lake Nipigon NDP)

Clerk: Deller, Deborah

Witness:

From the Office responsible for Native Affairs:

Scott, Hon. Ian G., Attorney General (St. George-St. David L)

ERRATA

No.	Page	Column	Line	Should read:
J-6	Cover	1	9	Monday, January 30, 1989
J-6	J-123	1	3	Monday, January 30, 1989



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Official Report of Debates

Legislative Assembly of Ontario



Standing Committee on Administration of Justice
Estimates, Office Responsible for Native Affairs

First Session, 34th Parliament
Tuesday, February 28, 1989

Speaker: Honourable Hugh A. Edighoffer
Clerk of the House: Claude L. DesRosiers

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Tuesday, February 28, 1989

The committee met at 4:02 p.m. in room 228.

ESTIMATES, OFFICE RESPONSIBLE FOR NATIVE AFFAIRS (continued)

Mr. Chairman: I recognize a quorum. All parties are represented. Mr. Runciman has come in just briefly to allow us to get started. I would like to get unanimous consent—

Hon. Mr. Scott: To letting him go?

Mr. Chairman: No, to allowing Mr. Eves to interrupt what is happening and have an opportunity to make a statement when he comes in, since I understand he is dealing with business in the House.

In addition to that, Mr. Runciman, we had agreed—we do not have all-party agreement on it—that despite the fact there are some two hours and 50 minutes left we would try to vote on these estimates today, perhaps at 5:45 p.m.

The final item is that we will be meeting on Monday at 10 o'clock sharp, subject to the whips deciding today that we will meet at some other time. I hope we will know that before we finish today.

Interjection.

Mr. Chairman: Did you say no?

Clerk of the Committee: Probably by tomorrow.

Mr. Chairman: We will know by tomorrow, apparently. At that time we will deal with court security, which is the first bill we had set aside for next week.

The clerk would like me to deal with these matters item by item. On the question of Mr. Eves being able to interrupt, can we have unanimous consent?

Agreed to.

Mr. Chairman: On the question of voting on the estimates at 5:45, can you agree on behalf of Mr. Eves, Mr. Runciman?

Mr. Runciman: Sure.

Mr. Chairman: We have unanimous consent then, I take it.

Mr. Pouliot: I would like to bring to your attention, if it is allowable Mr. Chairman, that on the comparative financial data, which incidental-

ly has just reached us, there is some discrepancy of consequence. Although they are memoed and there is an explanation, suffice it to say that we may wish to reserve some time, if it is agreeable, maybe at 5:30 p.m., for a few brief questions to explain the difference. Some of them surpass or exceed the normal percentage we are accustomed to. If it is okay with the minister and the staff—

Mr. Chairman: Is it agreeable to all members, then, what Mr. Pouliot is suggesting? Unanimous consent?

Agreed to.

Mr. Pouliot: While we are on the matter of the directorate, the estimates proposal there, I am appalled one more time at almost having to, in quotes, "solicit" to get a copy, although I am reminded that at one time it used to be the responsibility of the clerk and it was almost foolproof that we used to get them and get them on time. Now I am told, through the government House leader, that they have been mailed and so on.

I do not want to make too much of it, but it brings to mind a situation that was not dealt with in the best of due process dealing with trucking, where we discovered that in the spirit of co-operation not everyone on the committee was treated the same.

I just want it to be a matter of record as a friendly reminder that it is very important. There has already been a departure from the mandate of the estimates. They have become to a large extent a charade, a propaganda vehicle for the government. I just want to make sure we go back to being perhaps a little purer, go back to the real reason for the estimates and not use the estimates process as a vehicle for presenting our philosophy, our approach.

Mr. Chairman: I think perhaps I will allow a reply to that. Mr. Kanter is raising his hand and the minister may have something to say.

Mr. Kanter: I would like to comment on that for two reasons. First, I think it is important we note that yesterday the minister gave up what could have been a lot of time to read a rather lengthy statement into the record; rather, we had a lot of give and take and therefore a lot of time for the opposition.

Second, on the specific point the member raised, I will put on the record that I have not received my copy of the details of the estimates. Therefore, lest the member create the impression that there was some kind of a partisan plot at work here and that information was withheld from him that was available for government members, let me assure him it is not so. Indeed, should this estimates material be available, I would appreciate, as I am sure my colleagues would, receiving same as well.

Mr. Pouliot: I really do not want to prolong this, but now it is a matter of record. I have somewhat of a reputation for being candid and straightforward in matters of this nature and I am not imputing motives in the least. That point is not well taken, Mr. Kanter. Of course, as always, I will be open to the right kind of apology, the kind of wording that justifies that kind of outburst.

Mr. Kanter: I thought you might have implied, and I assure you I am using those words correctly, that there was some attempt at partisan advantage. Let me assure you that is not the case.

Hon. Mr. Scott: I am delighted. I thought yesterday the honourable member was only angry at me. I feel placated to know that his attitude towards every member of the committee is the same.

Mr. Runciman: Not to everyone.

Mr. Chairman: Mr. Runciman, do you have anything to add to this weighty issue?

Mr. Runciman: I am going to support my comrade.

Hon. Mr. Scott: The left wing of the Tory party.

Mr. Chairman: All right. I think when we left off last Mr. Hampton was addressing questions. Mr. Runciman, if you would like to return to whatever you were doing, feel free, and we will await Mr. Eves's arrival.

Mr. Runciman: I will take the hint, Mr. Chairman.

Mr. Chairman: No, it is not that. You are welcome to stay. It is going to be exciting.

Mr. Runciman: Thank you very much.

Mr. Chairman: Go ahead, Mr. Hampton.

Mr. Hampton: I want to ask some more questions on your statement. First of all, I want to go to the Indian Fishing Advisory Committee.

Hon. Mr. Scott: What page are you at, so I can follow?

Mr. Hampton: Page 6, I guess, is a convenient place to start. I want to ask the minister, what stage are we at now with the committee?

Hon. Mr. Scott: The fishing committee, which was empanelled by the government, made its report to the government. As you will recall, the establishment of the committee and the report arose out of the fact that, when the fishing negotiations were to begin there was very considerable concern by other users in the northwest that the view of other users was not being properly taken into account or was not understood by the government.

The Premier (Mr. Peterson) established the Indian Fishing Advisory Committee. It conducted a very thorough review and made a report to the Minister of Natural Resources (Mr. Kerrio) about a number of matters.

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One of the issues is the role, if any, that non-native users can play in the continuing process. The Minister of Natural Resources indicated to them that before the negotiations began again, the government would respond to that question. I believe—Mr. Krasnick can correct me—that response is expected almost momentarily and will be communicated not only to the Indian Fishing Advisory Committee but also to the Indian Commission of Ontario, which has a certain role in these negotiations with a view to making our position plain and allowing the negotiations to continue.

Mr. Hampton: When you say, "making our position plain," whose position?

Hon. Mr. Scott: It is the position of the government of Ontario. What we confront here, and I want to put it in as neutral terms as possible, is the reality that the government as the elected custodian of Ontario lands and resources is about to embark on negotiations with one user group, the native people, arising out of either their treaty rights or their aboriginal entitlement. Non-native users feel it important that they should play some kind of part in that process. That is a position I understand well, but it is a position of very considerable novelty.

If they were to play a part, there are questions: Would they be part of the native negotiating team? Would they be part of the government negotiating team? Would they be a third group at the table? If they are a third group, why should it be restricted to that group of users? Why should municipalities and other interests not participate?

So what the Indian Fishing Advisory Committee has done has been to make a report with a number of suggestions, all very helpful. We went to Dryden to meet with them, heard their views and exchanged with them some views we had about the process. We indicated that we would let

them know how we thought the process could best be carried forward. The Minister of Natural Resources will be developing that response. I understand he will have it and it will be approved by cabinet very shortly.

Mr. Hampton: As I understand the committee's report—I think you will appreciate the fact that a draft of it was made available to the news media and has been publicly broadcast by various media outlets across the north—one of the recommendations of the committee is that it rejects the notion that Indian people, either by way of a traditional right or by way of a treaty right, have any greater right to the fishing resource than would a non-native person who would, of course, fall under the various fish and wildlife laws. Has your directorate responded to that? Do you have a response to that?

Hon. Mr. Scott: When we met with the Indian Fishing Advisory Committee, it was very upset that an early copy of its report had been obtained by the media. We indicated to them that we would not comment on their report in a public way until such time as our response had been made to them, which we thought was the least we owed them. As I am telling you, that process has not yet occurred, so I do not want to comment on the report, and I will not.

But having said that, it can be observed that one of the issues that may, and I emphasize "may," rise in the negotiations is what is called, as you know, the issue of exclusivity—whether there is the potential to negotiate in respect of any lake or any part of a lake an exclusive or a prior right to the resource in the interests of one part of the community or the other.

The way I would respond to that is that there is some tradition or a kind of exclusivity already in Ontario. I believe that licences for resorts are not given indiscriminately without regard to the capacity of the lakes to be fished and that there are determinations made about who will get access to one part of the resource in one place or another. Going into the negotiations, I think the view of the directorate would be that this is not necessarily an issue of principle; it is an issue that can be dealt with on an ad hoc, case-by-case basis and that is the way we would like to approach it.

Mr. Hampton: When you say an ad hoc, case-by-case method, it seems to me what you are saying is that where on a given lake, let's say, or in a given land area there is a claim by native people for exclusivity, whether by tradition or by treaty, the government of Ontario will be the ultimate arbiter as to whether—it sounds to me as if you are going to be making a decision, or

someone will make a decision, based upon the strength of the resource or the demands on the resource.

Hon. Mr. Scott: I think everybody on all sides of the dispute—if you can call it a dispute; we have hardly begun—recognizes that the resource is finite and that no arrangements can be entered into that lead to a depletion of the resource. We cannot spend a resource and thereby destroy it. I would have thought, going into the negotiations, that there was a fair degree of unanimity about that proposition on the part of native people—who have instincts for conservation that are the same as ours—and of course on the part of non-native people, and that would be the starting point.

Having said that, you can go one of two ways. You can try to establish some general principles of universal application about fishing and the resource or you can try to look at needs and opportunities on a site-specific basis.

I think the establishment of principles tends to be traumatic, and in a sense counterproductive, because when you are talking about principles, you consider all the worst-case scenarios at either extreme of the principle. Usually, if you want an agreement, a better way to achieve it is by saying, "All right, let's build slowly, step by step, looking at concrete cases."

I believe, for example, to take Lake X in the northwest, that if we dealt only with Lake X, it might be possible to develop a regime for that lake that would suit everybody, without the establishment of any principle for ever, but just dealing with the resource of that lake, with the number of people who want to utilize the resource and working out—it is ad hocery at its best—a solution for that lake. Then you move step by step.

The people who are not interested in results and who are interested in purity of principle will denounce this. I am interested in results and I think what we have to do, particularly in this issue in the northwest, is to build a confidence level on both sides that there is a way to do that. I think the establishment of the Indian Fishing Advisory Committee has been productive. We have learned something from what they have said.

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Mr. Pouliot: I appreciate the minister's dilemma and his frankness. You are very straightforward and it is somewhat refreshing.

Some of the native leaders that I consult with tell me that there does not seem to be any clear-cut body of law, that what you have in terms of the Migratory Birds Convention Act and

the Fisheries Act is a shared responsibility between your counterparts and yourselves, the feds and the province. You have guarantees that are administered by the province, which is not, at the best of times, a very good situation. Consequently, enforcement tends to become somewhat blurred in everyday life in the process.

Hon. Mr. Scott: If we leave the birds aside just for one moment—they present a special problem because they keep flying around all the time—and if we deal with the fish, I suppose the control of the resource at the end of the day, in terms of governments, depends on where the fish are found.

Mr. Hampton: They tend to move around too.

Hon. Mr. Scott: Yes, but happily, not like the birds. The birds move big distances every year.

Mr. Hampton: So do the moose.

Hon. Mr. Scott: The birds are the best at this. They have developed a system for moving that on an annual basis, twice a year, makes the peregrinations of even the honourable member small.

But there are these shared obligations. There is no question about that. You have the same thing in migratory birds, where there is a responsibility on the federal government as a result of international conventions that allows it to enforce its regulations in Ontario. That is just another reality that we have to deal with as we try to move forward in this very difficult exercise.

Mr. Pouliot: Just one final supplementary. Again, we were advised that for as long as the river flows and the sun shines it is a constitutional obligation that natives, for self-sufficiency, have access to those resources unless it has been relinquished by treaty.

I brought up a parallel case, and I think the analogy is somewhat valid. The minister will recall the case of Thomas Chevalier, whose connection dated back to 1850. Of course, Mr. Chevalier was connected to the Robinson-Superior Treaty by reason that his father's mother was part of the treaty. The court decided that he had a right to hunt moose, in this case, out of season, and the Ministry of Natural Resources chose not to appeal the case. The case lapsed and the reason was given that Mr. Chevalier had passed away, which he had.

I am just wondering, candidly of course, if the reason was that they did not wish to treat the case as a cause célèbre and to establish precedent and would rather choose not to appeal because in this case Mr. Chevalier had passed away.

I am getting two conflicting interpretations here, one saying that it is a precedent and it establishes the right of people to hunt moose, in this case, or to fish, for that matter, out of season if there is a connection as to their native ancestry, and yet the government is saying, "No, this was one individual case."

Hon. Mr. Scott: Either a case is a precedent because it is an aberration from the other cases—that is to say, no one has ever decided a case this way—or it is a precedent because it is followed by other judges.

The reality of this case is, whatever the position of an Indian by virtue of his treaty or aboriginal rights may be, it is a very novel proposition to extend those same entitlements to Metis people.

The significance of the Chevalier case was that was precisely what Judge Wright did. In that sense, I believe it was a case of very great novelty in terms of results. It would have been appealed and might have been an important case. No appeal took place, and we will have to wait until the matter is raised again before we can obtain an affirmative determination.

Mr. Hampton: I want to go back to the Indian Fishing Advisory Committee again. I believe it was envisaged early on, or at least a spokesperson for the Ministry of Natural Resources some two years ago at this time, when I attended a public forum, stated that what was in mind was that there would be a negotiator for native people, Treaty 3 and Treaty 9. With Treaty 3, there would be a negotiator for the province and a negotiator for the federal government. Is that still the government's position?

Hon. Mr. Scott: Subject to the minister's response in respect of the non-native users' committee report.

Mr. Hampton: Has your directorate taken a position with the Minister of Natural Resources?

Hon. Mr. Scott: Our job as a directorate is to do what we can to bring issues which are important to native people to a head for resolution. We attended and heard the case that the non-native users' committee made about the form of the process. We are, of course, completely familiar with the case that the native community makes and that the Indian commission would probably make. We will be making representations to the Ministry of Natural Resources about the appropriate response as the matter makes its way to cabinet.

Mr. Hampton: I am still left with one question unanswered. I believe it was the stated

position of the government two years ago that what the provincial government envisaged was a negotiator on behalf of the federal government, a negotiator on behalf of the provincial government and a negotiator on behalf of Treaty 3.

Hon. Mr. Scott: Following that, a number of meetings were held in the northwest, which attracted a great deal of non-native interest. Following that, the non-native users' committee was appointed by the Premier. Following that, their report was made, with a number of helpful suggestions. That is why I have to tell you that when the Minister of Natural Resources is authorized by cabinet to deal with the non-native users' recommendations, that is when you and I will know what the government's position is. The one advantage I will have is that I will be part of the process in the sense that I will be able to make my views known as a response is being developed.

Mr. Hampton: I guess what I hear you saying is that this was the government's position two years ago. The government does not yet know, at this point, what its position will be, having recently received the fishing committee's report.

Hon. Mr. Scott: The government has not determined the position that it is going to make public. I think you are correct to say that, starting up, that was our position. When it was made to appear that this either was not understood or was not satisfactory to everybody, we agreed that we would ask the non-native users to make comment, and they did. We are very grateful to them.

We are also very grateful, I hasten to add, to the native users who, unexpectedly, from their point of view, found there was a delay in the process which they had to bear.

Mr. Hampton: I want to move on to another remark that you make. In fact, you stress it. On page 8, you make the remark that a "major factor to take into account in approaching native issues is the ability of governments to allocate additional financial resources to address the needs and aspirations of aboriginal communities." On page 10, you say, "We find Ontario's expenditures must be tailored to the narrower revenue base created by today's economic climate."

1630

I want to go back to a rather bold speech that the Treasurer (Mr. R. F. Nixon) made in the House. In fact, he has made this speech several times, and we have asked him questions. The Treasurer goes on about these being the wealthiest times that Ontario has ever had and he says this government has engendered the greatest

degree of economic growth that this province has ever seen.

Hon. Mr. Scott: Your colleague made this point yesterday.

Mr. Hampton: Well, I think it is worth making again.

Hon. Mr. Scott: No, not in the same words.

Mr. Hampton: I read in the *Globe and Mail* the other day that the Treasurer is happily surprised that he is receiving, I believe, \$300 million more in provincial income taxes than he thought he was going to receive. Yet here is perhaps the neediest group in our society—if I visit the native communities in my area, I see people too often living in substandard housing—people who do not have economic resources in terms of housing, in terms of education or in terms of the opportunities that we feel are necessary for the individuals in our society to better themselves socially, economically, whatever.

To me, these are two conflicting messages. On the one hand, the Treasurer is saying we have a great economy here; we have great abundance. The Premier of the province says that the boom that exists around Toronto is a great blessing. Yet I hear you in your statement, in two locations, saying we are really tough as far as money is concerned and we have to take a very careful line of the neediest people in our society in terms of the economic resources we can put into their hands or we can assist them with in terms of improving their lives. Maybe you can explain that contradiction.

Hon. Mr. Scott: I explained it yesterday and I can simply refer you to the answer, but, since you were not here, that is perhaps not fair. First of all, you should read the pages between the two quotations, because the context in which they were made has got to be understood.

What I observed in the paper is that we face the reality that the federal government is beginning to retreat from its responsibilities, so that the funds that we would like to apply and that the Treasurer can allocate to native programs are being used, not for the creation or expansion of existing provincial programs but to take up the slack when the federal government vacates the field.

The problem with that is that a new program is not created when new money is provided; we are simply taking over financial responsibility for a program that a level of government with on-reserve constitutional obligations is beginning to resile from. It is in that sense that we are

inhibited, because the new money we would like to put in for new programs goes in, or may have to go in, to pay for the retreat of government. We took the native constable program as a concrete example of that yesterday.

The second point to be made of interest to you is that the Treasurer and the Chairman of the Management Board of Cabinet (Mr. Elston) make allocations of the dollars that the taxpayers provide. As you know perfectly well, because your colleagues raise it every day in the exercise in the art of opposition politics, there is no limit to the resources that should be provided for hospitals, education, roads, native people and so on, and you will support all those allocations but will not support the tax increases required to pay for them.

Mr. Pouliot: It is unfair.

Hon. Mr. Scott: It is not unfair; it is reality. When you wanted more money for hospitals last year and we raised the sales tax one per cent, you said, "We demand more money for hospitals, but we oppose the raising of the sales tax." You wanted us, as you did yesterday and as you always do, to raise the taxes and take responsibility for that and provide more and more money.

If you would give us, as an opposition party, a list of taxes that you want raised, I will take it up with the Treasurer immediately and say, "Our colleagues in the New Democratic Party support these programs for raising additional funds." But why should you?

Mr. Chairman: Your colleague, Mr. Hampton, is beside himself.

Mr. Pouliot: Yes, thank you. Maybe you can help me with this. I sense a reluctance on the part of the minister, the same as was expressed yesterday, that unless the province receives an ironclad guarantee to pick up the obligations that are not in favour with the federal government, that unless it gets adequate transfer payments to cover those obligations, it will only move with a great deal of reluctance. Yet my distinguished colleague has illustrated so vividly and so well that what we are talking about here is the survival of a people. We are talking about the survival of a culture, of a nation, and to make mention of a sales tax is not in keeping, not in good tone.

I think we tend to not only provoke—

Interjection.

Mr. Pouliot: —and interrupt the opposition but to bypass the mandate here. I brought forward yesterday the human dimension. My colleague brings forward that you have the funds to do what is right. Yet the minister chooses to hide under

jurisprudence whenever he is caught—under that kind of approach you can commit a multitude of sins, mostly sins of omission—and refuses to take his responsibility to say: "Yes, this is our timetable. Yes, these are the nuts and bolts in terms of sewer and water. This is what we are going to do in terms of house building, in terms of education, in terms of health."

I understand why the minister is shaking his head.

Hon. Mr. Scott: In despair.

Mr. Pouliot: It is probably because in the riding of Lake Nipigon, for instance—and patience is a virtue. You are just not becoming a saint, I can assure you.

Hon. Mr. Scott: I am not becoming a saint. That's three miracles.

Mr. Pouliot: I am very mild-mannered. I should come here with drums so that the minister can finally hear what the people of Lake Nipigon are saying. In our riding we still have 11 per cent of the people without washroom facilities. It is hard for the minister to understand; in his riding, probably 80 per cent of the housing units have more than one. I am talking about sewers and water, I am talking about what needs to be done.

Hon. Mr. Scott: I have more public housing in my riding than any riding in Ontario. I know about poverty.

Mr. Pouliot: We are talking about abject poverty in some cases.

Hon. Mr. Scott: I understand, but do not be holier than thou.

Mr. Pouliot: It is no time to be spartan and frugal; it is time to take the bull by the horns and say, "We're going to do what is right." Why am I forced to be emotional? It is probably because I cannot even begin to penetrate. There seems to be a wall there, so that when it comes to good intentions, when it comes to putting more into the system than what you take out, when all the games are played and done you have immense revenue and you fork over the money to the less fortunate in our society; that is normal. You do not have to be a missionary to understand that. You have to have a social conscience, though, and you have to have the power to do so. The minister has the power. He has at least 50 per cent of what it takes to remedy the situation, an embarrassing situation.

Hon. Mr. Scott: The Globe and Mail predicts that I will have a very short life in politics, and it may be right, but I am going to bell that phoney cat before we are finished. I am sick of people who play opposition politics, though I under-

stand it, who say they want more of everything but will take no responsibility when the time comes to raise the money. Sooner or later, someone is going to say on the street, "You can't do that for ever." I guess it may be the end of me if I say it, but it is said.

Mr. Pouliot: Why don't you start taxing the rich?

Mr. Chairman: Mr. Pouliot, we cannot get your words and sincerity on the record without your sitting down and giving us them.

Hon. Mr. Scott: And I will not take lectures from Mother Theresa on social conscience.

Mr. Pouliot: And neither will I take them from fat-cat Toronto lawyers when it comes to native affairs.

Mr. Chairman: Do you want to settle down? We have offended fat-cat lawyers and Mother Theresa. I think we had better stop now.

Mr. Pouliot: My distinguished colleague has some focus to be brought forward, but while he is frantically searching for his notes I would like, with respect of course, to say to Mr. Scott, the Attorney General and the minister responsible for so many, many portfolios, I do not want to invite burnout for the minister, I want to wish him well.

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I invite him to read Linda McQuaid's book *Behind Closed Doors*, which deals with the taxation system, which deals with fundamentals. Either the minister is ill informed when it comes to financial matters and the tax system in this country, or he chooses to disregard those findings in either case.

Hon. Mr. Scott: If the honourable member is going to be so judgemental and offer me only—

Mr. Pouliot: Why did you raise the sales tax?

Hon. Mr. Scott: —two alternatives, I can simply say that I do not agree with him and pass on.

Mr. Chairman: Mr. Hampton, would you like to bring us back to—

Mr. Hampton: After all you have said, I still find it very interesting that in the province which is the wealthiest in Canada, the province which is now enjoying the longest and largest economic boom that we have seen, probably in the last 15 years, in the province where both the Premier and the Treasurer almost every day tell the press and the Legislature that these are great times, money cannot be found for a group that is recognized far and wide to be the most needy, and I would say in

many instances the most deserving, group of people in our society.

Hon. Mr. Scott: I agree.

Mr. Hampton: You can make of that what you wish.

Hon. Mr. Scott: No, I agree with that.

Mr. Hampton: We can argue back and forth about who ought to be taxed and who should not be taxed.

Hon. Mr. Scott: I think that is a fair comment. I agree with that. I am very sympathetic to the needs of this community, which are as real, if not more real, than those of any other community in the country. The point I am trying to make is that in a number of areas, health care, native affairs and many other areas, the federal government, in an effort to reduce its deficit, is removing itself from the discharge of financial responsibilities.

We are going to be obliged, and should be obliged in a moral sense, to pick up the slack. When we pick up the slack, what I simply say is that is not money we are putting in for new programs; it is money that is put in to replace the financial obligation the federal government has abandoned.

That is a tragedy, because if those financial obligations were continued to be borne by the federal government, the money that we are putting in would be for new programs. That is the context in which that comment is made and in which I hope it will be understood. But I accept entirely what you say about the need of this constituency.

Mr. Hampton: I only want to respond to you that, from the perspective of some native people at least, it may not be such a tragedy, because we have had, as we have had for perhaps the last 30 years, a continual game of ping-pong being played between the provincial government in Ontario and the federal government as to whose responsibility is what—when the person is on the reserve, when the person is not on the reserve—when it comes to native health care or non-native health care. I say to you that perhaps this is not such a bad thing.

Hon. Mr. Scott: I agree. Indeed, as I said yesterday in only a tangential way to a conference in Ottawa, when I made a speech designed to attract the ears of federal listeners, that in light of these new realities to which you refer this was an opportunity for us all to look again at the way our financial obligations are discharged.

I find it extraordinary that the determination about whether education is a federal or a provincial responsibility depends on where the

children who are being educated happen to live. That is, if they live within the enclave of a reserve, which is in Ontario after all, it is a federal responsibility; if they move to the city or off the reserve, it becomes a provincial responsibility.

If there is any good news in the pressure the federal government has put on us in this regard, it is perhaps that we should look afresh at how we discharge these responsibilities. What I have proposed is that Ontario should bear the financial responsibility for a provision of social services to all its Ontario citizens, native and non-native, whether they live on a reserve or not; and in exchange for that the federal government should bear the responsibilities that are primarily associated with Indianness, if you can use that phrase, the additional financial responsibilities that are attracted by the role and culture of Indian people in the province.

In that way we would be responsible for education everywhere in the province. In a sense we morally should be, because the fact that these kids are brought up on a reserve or off a reserve makes them no less Ontarians and should make our commitment to their education and our interest in their being educated as fully as they are capable of being educated in our systems a matter about which we should all be concerned.

If we took over that obligation to provide those services, there might be some cynical federal politicians who would say, "Well, you take it all over and we will do nothing from now on." We would say, "No, in exchange for that we ask you to take over the particular financial responsibilities that are associated with Indianness, the special financial obligations that are attracted by the historic role of Indian people in the country." Self-government, for example, may be one of those special Indianness functions, in the sense that what is contemplated by self-government is a special role in Canadian life that is attracted by virtue of the fact that this is our historic founding race.

Now I proposed that, and the federal government officials who were at the dinner did not walk out of the room. That may have been, I think, because I spoke before dessert was served, but they did not and we hope that over a period of time we may use this impasse to look again at how we finance these things. There is no question that what your colleague referred to as the ping-pong game, which is forced upon us, is unsatisfactory. If we could do nothing else but address this financial question, I think we would

have made a major step in moving to a long-term solution to the problem.

Mr. Pouliot: Your best moment, Minister. Those are words of wisdom that are certainly encouraging.

Mr. Hampton: Could I ask then, is that now the position of the government of Ontario?

Hon. Mr. Scott: It is the position of your colleague and me. We have indicated to the federal government that we would like to explore the possibility of conducting those negotiations. We have had no response in a formal sense from them.

What is more important—I should not say more important but as important—is that we have had no response from the native people themselves. That is a very important consideration, because historically in Canada the native people on reserve have looked to the federal government for the discharge of these obligations and have been, as history has entitled them to be, very cynical about the provincial capacity to provide.

It has to be understood that the best intentioned, most thoughtful native people might very well say, "We are not going to contemplate or permit that kind of exchange." I hope that we can work our way through this, but it is a tripartite exercise. It is not simply a matter between the federal and provincial governments. The native people themselves must accept and participate in this readjustment.

Mr. Pouliot: Is it not a normal reaction for the native community to be, in some cases, extremely reluctant, unless you have a sort of statutory umbrella? After all, the treaties are between the Indians and the crown in this case. That is quite a normal reaction, given the past history.

Hon. Mr. Scott: It is a perfectly normal reaction at the best of times. It is a prudent reaction in light of their history; and it is an especially prudent reaction because if this process were undertaken and produced a result of the type I am describing, they would face the reality that that might become the Canadian pattern.

This is not something that could be, of necessity, done in Ontario alone. They have to deal with a variety of provincial governments; some very committed in the field, others perhaps less committed, or less well resourced than Ontario. If you are a native living on reserve in a have-not province, the kind of exchange I am talking about may be less attractive than it would be in Ontario.

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The issue is not one that is going to be resolved in the short term, but I firmly believe that if we cannot get a rational division, of financial responsibility where the responsibilities are clear, the ping-pong game will be played by any governments of any political stripe—and all three parties have played it.

Mr. Pouliot: We were never given that chance.

Hon. Mr. Scott: No? In Manitoba it was played with the verve of experts. It is not a party issue; it is a functional question about how you divide financial responsibilities when all governments have heavy demands for services. I believe it really is a requirement, and if we can make some headway on this issue it will allow us to turn to what I think you believe is our real responsibility to get the services out there and get the systems altered so that any kid living in Ontario is entitled to call on the same kind of educational service.

Mr. Hampton: I appreciate the history of the relationship and I also appreciate the background that our native people are faced with. What I am trying to get out of all this is the position of the government of Ontario. I take it what you have told me is your personal position.

Hon. Mr. Scott: It is really too early for the government to have a position because there is no sign as yet that the federal government is even interested in discussing this, though we hope it will be; but you will want to do whatever you can to see that I do not suffer from burnout too quickly.

Mr. Hampton: That is another matter.

I want to go back a little bit. If I heard you correctly a few moments ago, I believe what you have said is that you agreed with me that the government's position two years ago on the Indian fishing issue was that there should be a negotiator for treaty 3, a negotiator for the province and a negotiator for the federal government.

Hon. Mr. Scott: Yes.

Mr. Hampton: I believe what you have said is that now that you have received the fishing advisory committee's report, the government wants to study that before responding to it and the government does not have the same position it had two years ago as to what parties ought to come to the bargaining table. Is that fair?

Hon. Mr. Scott: I would not go so far as to say we do not have the same position. Our position has not changed. What we have done is we have

listened to people who think a modification in the process is desirable; we have listened to what they have proposed, but we have not made a decision yet and our position has not been altered.

It is an issue, frankly, that is of significant importance not only to fishing negotiations and not only to all other native negotiations, but indeed to negotiations that have nothing to do with the native community. Really, what it strikes at—the non-native users' committee does not exhibit this view—is the general capacity of an elected government to negotiate in the public interest, and that is an important question.

If, for example, before we, as a government, negotiate to expropriate land for a conservation authority it is said we must hear the people who are concerned, I accept that entirely; but if it is said that we cannot conduct negotiations without adding to the government negotiating team representatives of the communities that are in the area where the land is going to be expropriated someone will say, sooner or later, "What role do our elected members play?"

There is a general question of how government purports to represent the public interest in negotiating any agreement. I mean, why was it that—well, I was going to get into the free trade example, but I will not.

Mr. Hampton: On page 11 you say, "Through the arrangements, we have made it clear that Ontario will speak for all Ontarians in negotiations with aboriginal groups."

Hon. Mr. Scott: Yes, there is no question about that.

Mr. Hampton: That is the position of the government then.

Hon. Mr. Scott: The position of the government is that the government, in these matters like a host of other matters, is charged under the Constitution with representing the public of Ontario. Whether we do that well or badly is determined at a plebiscite held roughly every four years, and you people are here to remind us daily of the risks of that—

Mr. Chairman: Time is ticking away.

Hon. Mr. Scott: —examination to which we will all be put. But that is what we do; governments represent the public interest. From time to time, as in the fishing case, there are people who make suggestions about how we can more effectively represent the public interest; and we are prepared to listen and see to what extent our processes for consultation or taking views should be modified.

Mr. Pouliot: Would you—

Mr. Chairman: Could we move on to Mr. Brown and come back to you, Mr. Pouliot?

Mr. Pouliot: Oh, of course.

Mr. Brown: I would like to ask the minister about the present status of the land claim negotiations on Manitoulin Island. I have a number of constituents who are very concerned, both the natives and non-natives.

Hon. Mr. Scott: Yes, I know, Mr. Brown, having visited your constituency, that you represent a significant aboriginal community. As I say in the paper, those negotiations are moving along and I hope that before long we will be able to report some significant successes. We have a process, and I believe we are now getting into the detail of the lands in question. I hope that before long we will be able to report an achievement there.

Mr. Pouliot: I had the opportunity to visit Mindemoya 22, which is in Mr. Brown's riding, and was able to notice at first hand the good work that has been done there.

On the subject of the negotiations initiated by your directorate regarding mining exploration and also opportunity to partake of the mining itself, you are to be nothing short of commended for what was, a few years back, a bold move. You had a lot of questions asked and in some cases people were sceptical as to the degree of success, and you have shown not only leadership but good staying power in that you still do that. Consequently, we have some agreement.

Mr. Hampton: Don't go too far, Gilles.

Mr. Pouliot: We have had relatively fair or good prices for metals, both base metals and some sustained prices of precious metals—platinum, gold and silver. The flow of capital through shares and the increased profits from corporations have led to more exploration and more interesting possibilities in mining. You will find the mines mostly in northern Ontario. The ground is conducive to that. I live in a small mining community which is some 30 miles from the Hemlo gold field, the richest in Canada.

Is it your impression, when we talk about a reserve, which is sometimes understood as a community where people live, but whether we talk also about the proposed land base, which is larger than the area where people live—however, notwithstanding that it could even be outside the reserve, it is to some extent, perhaps morally, on Indian land or close to Indian land—is it your impression that in every instance, for example north of 50, our First Canadians should be

consulted before you go on to do any—I am not talking about the geophysical work—

Hon. Mr. Scott: I understand.

Mr. Pouliot:—because you can fly over it, but when you do some actual groundwork—and you have to work your claim in order to keep your claim—should the natives be involved? I think what you have done here is create a climate in which progress is a necessity.

1700

Hon. Mr. Scott: There is some way to go, because what we are really talking about here is a kind of community planning, in which the members of the community will be consulted about how the community is going to be developed, its resources used and its infrastructure put in place.

When I came to this job, living as I do in the city of Toronto I recognized that because we had a municipal government, if someone wanted, for example, to put in an abattoir two miles from my house, there was a forum, the municipal council and the zoning bylaw amendments. Even though I did not own the land on which the abattoir was built, and even though I did not own any land in the municipality at all but was a tenant in an apartment building, I could go to a planning agency, the municipal council, and say: "We, the people who live some distance away from this project, do not think an abattoir should be put there. It will not be good for our community."

In the cities, under the aegis of municipal government, you have a planning capacity that permits people, beyond land owners, to have some input in the decision-making process. The problem about resources in the north is that this municipal infrastructure is not there in every case. Even if it were, the impacts of resource planning are so great that they often extend well beyond any municipal area.

What we have tried to do in these four or five examples where applications have been made—for example for an environmental assessment—is to put the parties together, the developer and any communities in the general neighbourhood in the broad sense, and say: "Look, these people want to do mining or want to build a road, but these other people live in the neighbourhood. Why don't you sit down and work out how this can take place?" The neighbourhood may be quite large in southern terms.

That is what we have done. What that should lead to over a little time, as we get experienced with it, is a capacity to build a structure so that can occur routinely and as a matter of course. I think that will be a good thing for people who

want to develop the north and upon whom the north depends. Development is part of the life of the north. It will also be good for the communities, white and native, that live in those areas where development may take place, and who want to talk about not only environmental concerns but also about economic concerns such as the presence of jobs, and social concerns such as the impact of a development, which can be very great in an area where big distances are important.

Some developer from southern Ontario thinks, because he has only worked in Toronto, that if you live a mile away that is a very long way, but it is not a long way in a sparse, separated part of the province. You may be the closest neighbour and live 10 miles away. Some process is going to have to be developed to deal with that and I think these examples I have set out take us a few steps in that direction.

Mr. Chairman: Mr. Eves is here now. Mr. Eves, in your absence, by unanimous consent, your colleagues agreed you might be heard when you came in. We also agreed—Mr. Runciman in your absence—that the vote would be taken at 5:45 p.m. and presumably you may be absent for that. I understand you have some comments you want to read into the record. If you would like to do that, you can proceed at this time.

Mr. Eves: Thank you, Mr. Chairman and Minister. I would also like to thank the committee for its indulgence. I find myself, as many people do these days, trying to be in three places at once and sometimes that is kind of difficult. I do appreciate your co-operation.

I just want to register some concerns about which various native groups have approached me and other members of our caucus. I want to get them on the record. I am sure the minister is probably aware of many of them in any event, and perhaps we could get some comment from the minister in due course.

One positive step I think the government has taken with respect to native affairs and the aboriginal community is the establishment of its task force to study justice services among aboriginal communities.

They feel, however, it is somewhat limited to a study of traditional services within the South Windigo tribal region. It may or may not produce changes. We certainly hope it will. They express some concern about the task force and are somewhat impatient—as is understandable, I guess—with respect to the time these things take.

They also have expressed to me some concern about government-wide native affairs policy,

which falls within the mandate of the Office Responsible for Native Affairs. The policy framework, which I believe the government tried to express in 1985, included a section that committed the Ontario government to “a proactive and developmental approach to native affairs, based upon the goal of assisting native people to become more self-reliant and less dependent on government services, taking into account the views of aboriginal groups and the ongoing responsibilities of the federal government for native programs.”

I ask the minister to provide not only committee members, but indeed the aboriginal community and the public at large, with evidence of such proactive policy being in place or the efforts that would qualify in his mind as being proactive in this regard over the past three-plus years.

I know that in terms of negotiation with the government, especially with respect to validation of native land claims, we have seen with the Temagami problem perhaps a reflection of the frustration the native community feels.

The government was unable to negotiate a settlement with the Bear Island claim to land in the Temagami region and I think the native community certainly has an impression out there that—perhaps it is too strong to say there is a lack of interest in assisting or developing relations with the native people, I am sure that the minister would not agree with such a statement, but I think the native community feels very frustrated in its efforts, and I am sure on the government’s part perhaps the minister does as well.

I think there was a year and a half there in which the government could have arrived at a solution. I think the final decision they made was a very unfortunate one. I appreciate the moves that were taken to try to end the blockade of the Red Squirrel Road extension, but I think the action that was taken, at least for the time being, has damaged the relationship with the native community.

It was an action the government took perhaps as a reaction to the crisis that developed after the sawmill of William Milne and Sons Ltd. was being forced into receivership. It is unfortunate that, first, it is one that has led to some hard feelings in the native community; and second, I am not sure in the long run it really ended up doing anything to solve that problem.

We would like to see some strategy papers by the Office Responsible for Native Affairs for the guidance of the government in conducting negotiations on aboriginal self-government and

in developing economic development programs. This also was promised in the government's framework policy and was communicated to all provincial ministers and all native organizations in Ontario in December 1985.

I would like to have some specifics as to what services the ministries of the government have provided to meet the needs of the native people and to support the protection of their culture. This, too, was promised in the government's 1985 policy.

What specific programs has the native affairs directorate assisted the ministries with; and which unmet service needs and program needs has it identified within the last couple of years?

The next few issues I would like to turn to actually deal with the Metis community in Ontario. The Metis community has met with me on several occasions through the Ontario Metis and Aboriginal Association. They are concerned, and I am sure the minister is more than aware of their concerns, with respect to class 24 of section 91 of the Constitution Act, 1867, formerly the British North America Act, which says the federal government has exclusive jurisdiction over "Indians, and lands reserved for the Indians."

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The Supreme Court of Canada has said this means a provincial government has no jurisdiction with respect to Indian treaty rights. The provincial Game and Fish Act, therefore, does not apply to Indians when they are exercising their treaty food-harvesting rights.

The question that arises of course is who is an Indian within the meaning of class 24 of section 91 of the BNA Act. Aboriginal organizations say that all aboriginal people—status Indians, Metis and Inuit—are Indians and therefore entitled to exercise any treaty rights they may have, free from interference from provincial law.

I think this is important also because many treaty Indians are not registered status Indians. The Ministry of Natural Resources seems to take the viewpoint that only those Indians who are registered under the federal Indian Act as status Indians can have treaty rights and that the Game and Fish Act applies to all other aboriginal persons, even though their ancestors may have been promised treaty rights.

On November 3, 1988, a district court judge in Thunder Bay decided this issue in favour of the aboriginal people, at least in that specific instance. The court overturned a conviction of a mixed-blood nonstatus Indian for hunting out of season on the grounds that he had inherited the

hunting right from his ancestors. The court said the Game and Fish Act was therefore constitutionally inapplicable, that the treaty rights of the aboriginal people of Canada are entrenched in the Constitution.

The Metis community has asked me, and I am sure it has probably asked the minister the same—the Minister of Natural Resources if not the minister responsible for native affairs—whether conservation officers would immediately be instructed to respect the constitutional rights of all aboriginal peoples in Ontario, regardless of whether they are registered status Indians.

I think the Metis community feels that while it is true some provincial laws do apply to Indians, the Supreme Court of Canada has said that class 24 of section 91 of the BNA Act precludes the application of provincial laws to Indians if the result would be the impairment of the Indianness or aboriginality of such persons.

The Supreme Court of Canada has also said that the exercise of treaty food-harvesting rights is an essential element of Indianness. This is a constitutional provision, as is the protection of the aboriginal peoples' treaty rights in section 35 of the Constitution Act, 1982. Since the Constitution is the supreme law of Canada, both the Indian Act and the Game and Fish Act must yield, in the opinion of the Metis community.

They ask the question whether or not the government would agree that the Game and Fish Act is constitutionally inapplicable to all persons whose ancestors were members of treaty communities to the extent that their treaty rights would be impaired.

The Ministry of Natural Resources has often pressed for application of the Game and Fish Act by referring to the need for conservation, of wildlife in particular. The Metis community has indicated to me that it wholeheartedly agrees that the conservation of wildlife is necessary; they say, however, that they have the right to establish and enforce their own game management laws.

They also say that once the government of Ontario recognizes their treaty rights and their right to enact their own game management laws for their people, they will be willing to sit down and work with the provincial government or co-operate in a co-operative game management plan. They have asked the Minister of Natural Resources whether or not his ministry would recognize and respect the rights of aboriginal peoples and then accept their offer to negotiate new wildlife management schemes.

There are some other concerns the Metis community has expressed. In particular at the 18th annual meeting, July 13 to 15, 1988, they passed a number of resolutions that they asked the government to take note of and act upon.

Among the resolutions directed to the Ministry of Natural Resources were the following: Will the minister issue fish and wildlife licences to all handicapped persons with a disability pension without a fee? Why has the Minister of Natural Resources not attended OMAA meetings to discuss or explain why they will not give all OMAA members their traditional hunting and fishing rights as well as rights to control harvesting of wild rice?

In their opinion, the government's inaction has forced OMAA to develop its own membership card system to ensure its rights to fish and hunt are upheld. They have also indicated to me that they are more than willing to work with the government in such a card system to help identify who they feel are indeed members of the Metis community who have some ancestral treaty rights.

The third resolution directed to the Minister of Natural Resources that they passed would have the minister promise there would be no more new provincial parks created until all outstanding native land claims are settled. Of course, we all know about the minister's announcement of 53 new provincial parks, in which only status Indians in his opinion, or so the Metis community feels, would be able to exercise their treaty food-harvesting rights. They feel this was a show of bad faith by the Minister of Natural Resources and they would certainly like that situation addressed.

The final comment I would like to make this afternoon is directed towards the Meech Lake accord, with which I know the minister is certainly more than familiar. I see the parliamentary assistant who was very active in that process is here. My colleague the member for Nipissing (Mr. Harris) and myself drafted a minority report in which we tried to address the concerns not only of the native or aboriginal community but of others as well.

Our first preference was of course by way of court reference, which the majority members of the committee did not accept. We accepted their decision. We also, though, proposed a companion resolution, in particular dealing with the aboriginal concerns. I would just like to read our companion resolution into the record for the purpose of these estimates:

"That, in the opinion of this House, recognizing the concerns of aboriginal peoples that they were not included in the Constitutional Amendment, 1987, as a fundamental part of Canada and recognizing that they are the first people of Canada, the government of Ontario should take the lead in urging the government of Canada and the other provincial governments to amend subsection 2(1) of the Constitution Act, 1867, as amended by the Constitutional Amendment, 1987, by adding the following clause thereto:

"(c) The recognition that aboriginal peoples constitute a distinctive and fundamental characteristic of Canada."

We made that companion resolution suggestion because we honestly felt it would help to address the concern that the aboriginal community had; as well as the multicultural community, and we proposed another one for that community.

We also thought the companion resolution was at least one way the government, recognizing the fact it is committed to the Meech Lake accord as it stands, could perhaps see its way clear to accommodate the concerns of these other communities out there by way of a companion resolution.

We thought these companion resolutions, especially this one we are dealing with now on aboriginal affairs, would address the concerns of the aboriginal members of our society who feel they have been excluded from the section that defines the fundamental characteristics of Canada.

I think I have put on the record the concerns I came here to express on behalf of the aboriginal community. I look forward to hearing the minister's responses, if time permits.

Hon. Mr. Scott: Many of the answers I would make are in my paper, which the honourable member will have a chance to read. I hope it is not too combative to note that older and more experienced ministers tell me that there should always be a kind of etiquette in which you acknowledge the role that others have played. In my Conservative critic's absence, the honourable member for Lake Nipigon (Mr. Pouliot) and I have had an exchange. When I take pride in some small progress he, with indignation that is passionate, says, "Well, there is a long way to go." He is right, and I can take that.

I am now pressed to find something in the way of etiquette to say about the Conservatives. I have spent a good deal of time thinking about this.

1720

Mr. Hampton: This is all so very painful for you.

Hon. Mr. Scott: Well, it is. But I think what can be said about the honourable member for Parry Sound (Mr. Eves), who has just spoken, is that it is to his credit, and I think it should be said, that when he was in this portfolio for a very short period of time the government of the day began to take a more progressive view than had previously been taken on aboriginal constitutional matters. While that did not produce a success, it was an opportunity which allowed us to build on Mr. Miller's proposal in the first constitutional round. That is much to the credit of the honourable member. That is about it.

Mr. Eves: Thank you, I think. I am waiting for the other shoe to drop.

Hon. Mr. Scott: Well, let me make some observations. Of course, one of the great opportunities of opposition is that there will be an opportunity to reflect fully—the official opposition and this government have had many years in opposition—on what should be done. But I can barely resist the opportunity to deal with your cutting remarks about our conduct of the Temagami dispute.

The Temagami dispute is now 18 years old. When we came to office four years ago the government of Ontario had never so much as offered a dime to compromise that case. Anybody taking my job would be ashamed of that. We made an offer. Now the offer did not produce a negotiated settlement for reasons I quite understand and respect, but I am not ashamed of that and I think it was what we owed the Temagami band at the very least after 14 years of indifference.

I am also to be criticized, as the honourable member has done, for not being active enough on the subject of land claim negotiations. The honourable member will know, because it was in his portfolio, that there were some 40 or 50 land claims, many outstanding for over a generation, to which no reply whatever was made in any single case; they were stonewalled to perfection.

We have been able to respond to 11 of those and have begun the negotiating process. The honourable member for Lake Nipigon tells me we are not going fast enough. I will resist that, because I am going as fast as I can go. Progress is being made; I invite the honourable member for Parry Sound to support that effort and bygones will be bygones. We can march forward together doing what should have been done in Ontario 25 years ago.

He refers to the South Windigo tribal council on justice. Let me make an observation about that. If I have learned one thing, it is that after 150 years—

Mr. Pouliot: Are you that old?

Mr. Eves: He doesn't look that old.

Hon. Mr. Scott: No, but we have to understand that in most cases we ourselves cannot devise solutions to problems that will work. We have been devising solutions for native people's problems for a hundred years and not one of them has really been effective. We have got to develop systems in which the native people themselves decide what the solutions are and come to government with those solutions, which we as a government will then have to evaluate and support if appropriate. But it is not a question of devising new plans to impose on them; it is a question of creating an environment in which they can develop plans for themselves, as we would do for ourselves, and come to government with proposals.

The good news about the South Windigo tribal council discussions is that these discussions are discussions that the native community at Osnaburgh has asked for itself. They have asked for them because they arise out of a terrible tragedy in that community, for which government must take responsibility, in part if not entirely. But the good news is that this is an exercise they have asked for and, to a certain extent, have designed in co-operation with us.

You may say: "It isn't broad enough, it isn't all-encompassing enough." That may be a fair observation, but it is what they want. It is designed the way they want to do it, commanding the people from government that they want to participate in it. I do not say that will produce a solution, but it seems to me it is a new way of doing things with native people that is more likely to produce a solution than sending out some roving commission from Queen's Park that perhaps nobody wants to see, and at the end nobody will pay any attention to. That is the old way of doing things, and I put that behind us if I can.

With respect to the Metis people, neither the honourable member nor I is able to change the view that the federal government has adopted historically with respect to class 24 of section 91. What we have done under this government is we have said to the Metis people that, just as we are prepared to discuss self-government with status and nonstatus Indians we are prepared to discuss self-government issues with them, but there are problems.

One of the problems is that, in most cases, they have no land base. A second problem is that the definition—even for their purposes, not for ours—about who is to be included in those negotiations is not always certain. The third problem is a problem of representation. I think they are taking steps to resolve that problem in an effective way. We have, over the last year, been meeting with them and the federal government in order to get these negotiations with respect to self-government under way; but the honourable member will understand that the problem of self-government and the Metis people is even more complex and difficult than the problem of self-government and status or nonstatus Indians.

I am very grateful to have the member's support for that exercise, and we will try to see that the questions that were put to him by the Metis association are answered, if they have not been already. I thank him for bringing those to my attention.

Mr. Chairman: We had also agreed that at 5:30, which we are just about at, specific questions might be asked on the figures themselves. I am not sure which of you honourable gentlemen will be—

Mr. Hampton: I have a couple more general questions; then my colleague has some questions on the figures.

Minister, you raised an issue as to the lack of what we would call municipal responsibility for most native people.

Hon. Mr. Scott: Yes.

Mr. Hampton: I take it that you must be aware that the Race Relations and Policing Task Force was recently in Thunder Bay. While they were in Thunder Bay, they heard from a number of native people who reported their complaints and their problems with police behaviour, and police administration in some cases; their problems with the policing arm of the criminal justice system generally. In your other ego you have introduced police complaints legislation which, to my understanding, can be invoked only by municipalities. Where does that leave all of those native people who reside in northern Ontario outside of municipal jurisdictions?

1730

Hon. Mr. Scott: The policing bill that we propose of course extends only to municipal police forces. In those large parts of Ontario where there is no municipal policing the Police Act provisions apply. The Solicitor General (Mrs. Smith) has told the House on a number of occasions that very shortly she will be producing

a new Police Act, the product of very extensive negotiation—I refer you to the parliamentary assistant who is here—which will provide an independent civilian complaint mechanism to resolve those disputes.

The issue to which this question really directs itself is, I think, a general concern that many native communities have, leaving aside the native constable program for a moment, about policing standards in their community. Not only is the Solicitor General aware of that, but I think it must fairly be said that the Solicitor General has participated fully and effectively from the beginning in trying to respond to the concerns of the South Windigo tribal council, which has given rise to this relatively experimental but quite progressive exercise in community examination of police and justice needs. I think we are going to learn a lot from that.

I would not be so rash as to say that what we learn about Osnaburgh and policing and justice can be translated to every other community or indeed to any other community, but then I am very cynical about trying to devise solutions that we are going to apply holus-bolus on everybody. I think these problems tend to be very much a function of the communities in which they exist. Some communities think they have too little policing; some communities think they have too much policing.

The native program for policing has worked well in some communities; it has not worked so well in other communities. I think the way to solve this is to be sensitive to the needs of individual communities and try, in so far as we can, to respond to them. The Osnaburgh example is one for which I hold some hope. As you know, they went on to talk about not only policing but alternative justice, referring to an alternative court system. That presents problems all its own.

Mr. Hampton: I find it striking that in your other position of responsibility, that of Attorney General, you deem it necessary to bring forward a piece of legislation which, in your words, would promote an independent citizen complaint process for dealing with police relations; yet for people that you deal with directly in another forum and from another position, that of minister responsible for native affairs, native people have to wait until the Solicitor General brings forward something.

Hon. Mr. Scott: Native people in those communities are governed by the existing Police Act, as are the people in the community where I spend my weekends. They are in nonmunicipal

parts of the province, where policing is not done by municipal forces. That is the reality.

Now the Solicitor General has under way a major project for Ontario, not undertaken, I think, for 25 years probably: a revision of this act. She has put in place a new Ontario Police Commission chairman of very vigorous independence, and you will see that bill in due course.

Whether our bill should be optional is a matter that can be debated and indeed will be debated before this committee when it is considered, but it will always be—there is no proposal as yet, of which I am aware, to extend it beyond municipalities, because the framework of the bill simply does not permit its extension beyond municipalities. The existing police complaints bill, which we seek to extend, requires municipalities to nominate persons to participate in the exercise, to bear part of the cost. It is not suitable in its present form for extension to unorganized communities.

Mr. Hampton: I guess I have only one comment in response, and that is to paraphrase the comment made by some of the people on the task force. They found that police relations with some members of the native community, particularly as exhibited in Thunder Bay, were the most appalling of all and the most serious.

It would seem to me that is an area that needs immediate attention, not part of some larger and more bureaucratic process that we may or may not see from the Ministry of the Solicitor General. I think that in your position as the minister responsible for native affairs, it is incumbent upon you to get that process moving quickly and substantially.

Hon. Mr. Scott: I note what the member has said.

Mr. Chairman: We now have approximately 10 minutes left. Mr. Pouliot, you asked to reserve that for some questions on the estimates themselves.

Mr. Pouliot: Yes, just briefly; when there is a large discrepancy either way, surely an explanation that deals with that should be forthcoming. I think it should be a natural part of any financial statement that is released, because it does expedite matters greatly.

I would like to draw your attention to salaries and wages. In 1987-88 the actual was \$728,000, and then the 1988-89 estimates are 85 per cent or 90 per cent better. Then what I see by way of an explanation is "Transfer of staff from office of Indian resource policy, MNR." I assume that really does not tell most members of the committee a great deal.

Hon. Mr. Scott: Let me tell you what happened. As you probably know, under the old regime—

Mr. Pouliot: L'ancien régime?

Hon. Mr. Scott: Yes. The Ministry of Natural Resources had the responsibility to validate and respond to land claims, and Dr. McNab, who was here today, was an employee of the MNR who did that work.

There were two difficulties about that. The first was that land claim validation was being done by the owners of the land. There was a kind of conflict of interest there. Second, it was a relatively small unit in a very large ministry. So what we proposed to do was to take over that workforce from MNR. Dr. McNab, and I think nine employees altogether, transferred from the Ministry of Natural Resources to the directorate. That is the so-called discrepancy there. I am sorry this single line did not tell you more about it.

Mr. Pouliot: Thank you. The point is well taken. It has been said, certainly not by someone like myself, that the party you so proudly represent, in its lacking of philosophy, tends to—let me see; yes indeed—to spend money like a drunken sailor, so members of the loyal opposition—

Hon. Mr. Scott: I think you have now offended the navy.

Mr. Pouliot: No, not at all. Where money is well spent—I will come back to that.

Hon. Mr. Scott: This is simply an in-government transfer. There were no new bodies hired. These are people who used to work for MNR who have now come to work for us.

Mr. Pouliot: Okay, thank you.

On the line following, "Employee benefits," am I to assume that the same philosophy applies, that they bring their baggage of lucrative benefits with them?

Hon. Mr. Scott: For someone as addicted to pensions as he is, I cannot understand the honourable member's concern. These nine people who came had pensions when they were at MNR and they brought their pensions with them.

Mr. Mahoney: Come on over, but with no Ontario health insurance plan.

Hon. Mr. Scott: Right.

Mr. Pouliot: Good point. The minister makes a very valid point on item 2.

Hon. Mr. Scott: I know you are going to catch me somewhere.

Mr. Pouliot: As I go down—

Hon. Mr. Scott: Is it time for the vote?

Mr. Chairman: It does not add up.

Mr. Pouliot: That is right; it does not quite jibe in terms of adding up, I was doing exactly that. You think so highly of the native affairs directorate, but if I add things up—and you need not be a mathematical genius emanating from the Massachusetts Institute of Technology, or Harvard for instance, like my colleague the member for Sault Ste. Marie (Mr. Morin-Strom)—

Hon. Mr. Scott: Or the leader of your party, the well-known Rhodes scholar.

Mr. Pouliot: —to see what is happening here. You have, in the 1987-88 estimates, \$4.3 million; and then the actual money spent was \$1.9 million. Why did you choose not to spend the money on the people who need it the most?

1740

Hon. Mr. Scott: The big item that you will see there that was not expended was the money that has been assigned to the native economic participation program. That money was allocated to us and during the year we entered into negotiations with native organizations about how that program could be set up and how it should be run. Those negotiations were not concluded within the fiscal year in the sense that it was not possible to expend the money. The money is found in the 1988 estimates, and as I think I reported in the paper which was filed, that process is well under way. Then everything will add up.

Mr. Pouliot: I am saddened by the—thank you.

Hon. Mr. Scott: Do not be sad that it has not been expended. I know your desire to see every dime put out there, and that is a legitimate concern, but again I want to emphasize that the important thing here was to devise a scheme that truly met native needs. You know, I could sit at a drawing board in downtown Toronto and design an economic scheme for native people. It would probably be wrong. That is what we have done for 125 years. We wanted native people to play some role in this process, we wanted to hear their views, and that takes time; but it does produce a better arrangement at the end of the day.

Mr. Pouliot: I am somewhat cognizant of value for money for the taxpayers. I think the standing committee on public accounts does deal with that, the same committee that gives—in fact, the Provincial Auditor, who is completely

independent, barely gave the government passing marks, which I found somewhat shocking.

Hon. Mr. Scott: I thought the Provincial Auditor's report this year indicated a very high level of accountability.

Mr. Pouliot: It seems to me that you have, Minister—and I see this by virtue of the native economic participation, these are native people participating in their own affairs, their own welfare—it seems that you have chosen to stay at that drawing board. You have moved from a Taj Mahal to Mecca, and yet it never even began to reach the people for which it is intended.

Your actual in 1987-88 has been zilch—I will show you how to spell that for Hansard's purpose—nothing. I only wish I could say that on an otherwise immaculate record, the least little blot would tend to take on proportions, but there are no surprises that your record is immaculate in terms of native participation; you have done nothing.

Hon. Mr. Scott: If there were just eight or 10 of us sitting around a room, Mr. Pouliot, I would let that go by, but there is every prospect that you will buy copies of your words and circulate them to people who might take literally what is said. If that is the case, I think it should be—

Mr. Pouliot: Oh, no. You will not get away with that.

Hon. Mr. Scott: I cannot imagine any other reason why you would say it.

Mr. Hampton: We are simply reading your figures.

Hon. Mr. Scott: What I want to say to you is that this program, which is designed to create a capital corporation which will give natives assistance in economic development, is a landmark program. It has got to be designed in a way that is effective, not only from the government's point of view in terms of accountability, but also so that it is effective from the beneficiary's point of view, and that is a process that takes time.

We got the money allocated, which is a sign of the government's goodwill; and we have worked, as I have reported in my paper, so that we are very close to being able to use that money in the way we intended to do.

Next year, you will be pleased with the results and will demand time to compliment the government on this program, which I believe is a significant one that is going to begin to deal with the encouragement of native people who have economic opportunities which they often cannot undertake because of capital shortages.

Mr. Pouliot: I want to remind the minister that I did not attend the Mecca of economic savvy, but I think it does cleanse the soul and a pilgrimage would do anyone no harm, absolutely.

What I want to assure myself of, with the help of my colleague—because I am not one who is suspicious in the least; long ago I learned to trust and seldom to be disappointed—is that the money will not reach this mandate closer to the election. Would I be in error in saying that?

Hon. Mr. Scott: You would be in error. The negotiation process is complete. We anticipate that we will have an announcement this month. I know the honourable member will be glad then that we have negotiated this scheme which will meet the needs of native people who want to take advantage of economic opportunities.

Mr. Pouliot: When those dire needs are met—and I do realize that with native affairs the future tends to last a long time—I will not be the first one not only to remind the government of its good deed, but in closing to tell the minister that what is being done here is the right thing under difficult circumstances and you are to be commended—there will be no ifs or buts, but only thanks for a job well done.

Hon. Mr. Scott: I take your observation as supportive of this program, as I think both our parties are. What you are concerned about is that we have not got it off the ground and out there as quickly as you want. I understand that and I simply say that it is because we wanted to be sure that the program met not what we perceived the needs to be but what native people tell us their real needs are.

Mr. Hampton: I have one or two supplementaries following that. Is what we are talking about under native economic participation support for resources and environmental negotiations on a case-by-case or band-by-band method?

Hon. Mr. Scott: It is done on a case-by-case basis. The economic participation line is a separate and distinct line. The line below that, where the figure 1 is assigned, is resources that are allocated on a case-by-case basis.

The deputy would like to have a word.

Mr. Krasnick: The reason that vote is there at \$1,000 is that we will find contributions from another ministry, say the Ministry of Energy, the Ministry of the Environment or the Ministry of Natural Resources, and then we put that money together and make it available to the appropriate native group. So that is what that does.

Mr. Pouliot: What is the amount again?

Hon. Mr. Scott: It is just \$1,000.

Mr. Krasnick: For each project, a separate budget will be—

Mr. Hampton: So you have only one project in mind?

Hon. Mr. Scott: No.

Mr. Krasnick: We have a whole series of them, but we need an item in our vote that we can identify so that money can flow to us from, say the Ministry of the Environment for the Magpie-Michipicoten project, which is a project where we are negotiating for—

Mr. Hampton: That is okay. I think I get the drift. Is the native economic participation being negotiated on a band-by-band basis?

Hon. Mr. Scott: No. We have a general scheme that will be announced. Then there will be a fund, and applications will be received and measured against certain criteria and granted.

Mr. Hampton: So I take it this is a grant scheme? If one is a band or a tribal council and one has a particular economic project, one then applies to your ministry for a grant?

Hon. Mr. Scott: One has to be an economic development corporation that is going to meet certain criteria. This is money that is designed to provide economic opportunities for native people, their corporations will apply for the money and expend it. The carrier of the program is a native corporation. It will decide whom the money goes to. We will respond to its application for up to \$2 million next year.

Mr. Chairman: Mr. Hampton, I do not want to cut in, but we would require unanimous consent to continue, because we did agree that the vote would take place at 5:45 p.m. and it is now 5:50 p.m.

Mr. Hampton: I would ask for unanimous consent for three more minutes.

Mr. Chairman: Is there unanimous consent?
Agreed to.

Mr. Hampton: Is this economic development corporation in existence now?

Hon. Mr. Scott: A number of them are, I am advised.

Mr. Hampton: I take it, though, that what you have in mind here is that you would have an umbrella organization that would—

Hon. Mr. Scott: The Nishnawbe-Aski Nation has created an economic development corporation, which is one of several.

Mr. Hampton: I am aware of that, but I take it what you envisage here is an umbrella organization out of which the grants would flow?

Hon. Mr. Scott: No. We will have available these sums, which will be allocated against certain criteria to the Nishnawbe-Aski Nation Economic Development Corp., for example. Then they will determine how those funds are to be expended in the community in which they have interest. They will receive applications, I presume, and they will dispense the money. You may say, "Why doesn't the government simply handle it?"

1750

Mr. Hampton: No, I will not say that. I entirely approve.

Hon. Mr. Scott: So we have the money in our budget. It will be assigned against certain criteria to native economic development corporations. They will deal with it in terms of criteria, but at the consumer end.

Mr. Mahoney: Just like the local option.

Hon. Mr. Scott: You might say that.

Mr. Hampton: I do not think you want to contaminate what might otherwise be a good idea by using that kind of nomenclature.

Let me then ask this. As you say, you have a number of native economic development organizations in the province: how is the allocation going to be made among them?

Hon. Mr. Scott: Can you answer that, Mr. Krasnick?

Mr. Krasnick: These funds are provided based on their operating loss over the first five years of their operation. There are very high startup costs for these organizations, and that is how we are allocating it. The number that we are using is 75 per cent of their operating loss.

Mr. Hampton: Is that 75 per cent of the operating loss on their existing activities?

Mr. Krasnick: Right. They are capitalized by the federal government. When they make up their first budget, they provide a pro forma financial statement. That provides for an operating loss. They are supposed to become profitable within five years. Based on that pro forma statement, we then allocate the funds to the organization.

Mr. Hampton: So what is really being made use of here is already an existing network.

Mr. Krasnick: For some of them; but for others, there are new organizations which cannot get off the ground without support from the provincial government.

Mr. Hampton: I guess I have only one question. In view of the fact that they were already existing organizations that had a financial track record, why could no allocation be made in 1987-88?

Hon. Mr. Scott: You answer, Mr. Krasnick. Maybe your answer will be better than mine.

Mr. Krasnick: Because in 1987-88 what we undertook was a broad study with the native communities as to how best to allocate the money. By the time that was completed, the fiscal year had ended and we went over to the next fiscal year. So we were in the middle of the planning process for the project. I should also say that not all the organizations were up and running. There are a number of new ones which are not up and running and which we have been—

Mr. Hampton: The net result is that there was \$2 million there, \$2 million that should have been available for native economic development.

Hon. Mr. Scott: No, that is too cynical by half.

Mr. Hampton: I am not being cynical.

Hon. Mr. Scott: Well, I think you are.

Mr. Hampton: I am simply looking at the figures.

Hon. Mr. Scott: No, the \$2 million was available when the native people with us had decided how they wanted to spend it. You know, I could have spent it. There is no problem. I could find beneficiaries for the largess out there, but we do not believe in doing it that way. We believe that they should play a role in deciding how the money should be spent. That takes time. But it is worthwhile time because they begin to make decisions that they should be making, that they want to make.

Mr. Chairman: Speaking of time, it is time, gentlemen. Two more minutes.

Mr. Hampton: In my experience, there were plenty of native economic development organizations out there that were prepared to make a decision on some of that spending quite a while ago.

Hon. Mr. Scott: They met with us and we talked about it and discussed it at some length.

Mr. Chairman: There is an agreement with unanimous consent. The vote will now be held at six minutes to six.

Shall vote 2601 carry? Those in favour? No? I did not hear.

Hon. Mr. Scott: I hope the New Democratic Party members are not going to vote against this allocation. It will certainly be a shock.

Mr. Chairman: I did not hear anything.

Mr. Hampton: Actually, we would like a recorded vote.

Mr. Chairman: Shall 2601 carry? Those in favour?

Clerk of the Committee: Mr. Kanter, Mr. Brown, Mr. Mahoney, Mr. Offer.

Mr. Chairman: Those opposed?

Mr. Hampton: No, we simply wanted a recorded vote.

Mr. Chairman: You are not opposed, are you?

Mr. Hampton: No, we wanted a recorded vote.

Mr. Chairman: They were voting in the affirmative.

Vote 2601 agreed to.

Mr. Chairman: Shall I report these estimates to the House? Agreed? Everyone is nodding in agreement. Thank you very much.

Hon. Mr. Scott: Mr. Chairman, just before we go, I would like to record my gratitude for the two years' work to my deputy and to his staff who are here, and to thank the members of the committee. I am sorry it was not possible for more members to be here, because I think this is an important exercise. But I am very grateful to the members who have been able to get time to be here to help us with this work.

Mr. Chairman: I think, just to close out, that you are recognizing them, despite the fact that the other members have tried to get here.

Hon. Mr. Scott: Oh, I understand that.

Mr. Chairman: We stand adjourned until Monday morning, 10 o'clock sharp. We probably have some housekeeping matters that may be required before we start because of the whips' meeting in terms of sitting times.

The committee adjourned at 5:57 p.m.

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STANDING COMMITTEE ON ADMINISTRATION OF JUSTICE

Chairman: Callahan, Robert V. (Brampton South L)

Vice-Chairman: Chiarelli, Robert (Ottawa West L)

Farnan, Michael (Cambridge NDP)

Hampton, Howard (Rainy River NDP)

Kanter, Ron (St. Andrew-St. Patrick L)

Mahoney, Steven W. (Mississauga West L)

McGuinty, Dalton J. (Ottawa South L)

Offer, Steven (Mississauga North L)

Polsinelli, Claudio (Yorkview L)

Runciman, Robert W. (Leeds-Grenville PC)

Sterling, Norman W. (Carleton PC)

Substitutions:

Brown, Michael A. (Algoma-Manitoulin L) for Mr. McGuinty

Keyes, Kenneth A. (Kingston and The Islands L) for Mr. Polsinelli

Also taking part:

Eves, Ernie L. (Parry Sound PC)

Clerk: Deller, Deborah

Witnesses:

From the Office responsible for Native Affairs:

Scott, Hon. Ian G., Attorney General (St. George-St. David L)

Krasnick, Mark, Executive Director

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